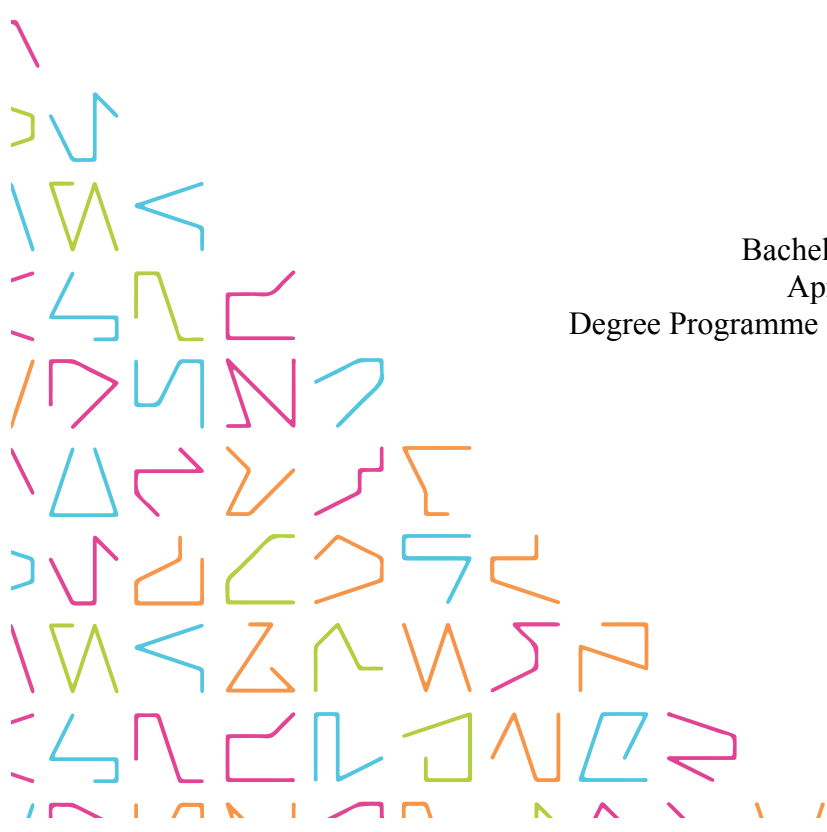


ESTABLISHING RELATIONSHIPS BETWEEN EUROPEAN-CHINESE FIT TOURISTS AND FINLAND

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ABSTRACT

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Establishing Relationships between European-Chinese FIT Tourists and Finland

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This bachelor's thesis was inspired by the already collected data, the results of an interview of 52 FIT Chinese travelers in Helsinki, conducted by the writer and her team. During the interview, the writer found out that one-third of the interviewees were European-Chinese. Thus, the writer chose this topic to study the actual potential and opportunities to engage European-Chinese FIT travelers with Finland as a tourism destination. The thesis was commissioned by the company Timetravels Incoming Ltd, a Finnish tour operator that serves both European and Asian tourism market. The writer is currently an employee of the company. The commissioner company already has a good base of European-Chinese customers and would like to expand this market.

The purpose of this thesis was to discover how to establish the customer relationship between European-Chinese FIT travelers and Finland by analyzing the market environment and the target customer group, furthermore, to enhance the relationship between them. Sub-questions were raised to reach the research purpose. By explaining why European-Chinese FIT travelers are the most suitable target group for Finland, analyzing the consumer behavior and expectations of European-Chinese travelers, and studying what Finland can provide to attract the target customers, the writer found a general overview and several strategies for the market engagement. Primary data were collected during the interview mentioned above and through interviews with the key employees of Timetravels Incoming Ltd. The writer's own experiences on the travel market and Chinese culture were also applied. Secondary research was conducted based on literature material of tourism marketing and consumer behavior, and on statistical data published by authorities of China and Finland tourism industry.

Findings of this bachelor's thesis emphasize the marketing potential of European-Chinese tourism market, and explain the similarities and differences of consumer behavior between European-Chinese travelers and the traditional Chinese outbound travelers. To engage with European-Chinese tourism market, service providers in Finland shall provide more targeted travel products for European-Chinese tourism market, and products with more well-designed itineraries and with more flexibilities. The travel season should be well planned based on the European holidays. National tourism organizations should keep establishing the authentic and unique travel brand for Finland as a destination.

Key words: European-Chinese FIT tourists, customer relationships, marketing

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1 INTRODUCTION

This bachelor's thesis is about establishing and enhancing relationships between European-Chinese FIT tourists and Finland as a tourism destination. It includes a marketing environment research, and a customer engagement research targeting on finding the way of establishing relationships between European-Chinese FIT tourists and Finland and on explaining why European-Chinese FIT tourists are the most suitable target customers for the Finnish FIT tourism market. FIT, in this bachelor's thesis, refers to Free Individual Tourists/Free Individual Tours. The research was inspired by the already collected primary data from a group of people, and the data includes video interviews of 52 Chinese FIT tourists. During the interviews, the writer found out that more than one-third of the interviewees were European-Chinese (Chinese people who have lived/worked/travelled or currently living/working/travelling in a European country with a legal Schengen visa); and she has foreseen the huge potential for the FIT market since the European-Chinese tourists, throughout the interviews, turned out to be the group that has the easiest access to well-experienced FIT tours.

The research was mostly targeting on explaining the fact why European-Chinese is the most suitable target group for the Finnish FIT market; furthermore, throughout data analysis and secondary research, to find out the way of engaging more European-Chinese tourists with the Finnish FIT travel market and describe the potential of European-Chinese tourists for Finland. The thesis research was based on both primary research and secondary research. Primary research includes the already collected interviews of the tourists and interviews of the key staff members from the commissioner company (Timetravels Incoming Ltd). Secondary research includes literature material regarding customer-relationship establishment in tourism market together with Chinese traveller data collected and published by Visit Finland and many other official travel-related statistics websites.

The bachelor's thesis was commissioned by Timetravels Incoming Ltd, a Finnish travel company that provides Nordic tours for both international and Asian tourists. The writer is currently hired as full-time employee of Timetravels Incoming Ltd. Starting from the summer of 2016, the writer has overseen Asian sales and marketing of great China area (Beijing, Shanghai and Southwest Chinese market). The writer has also worked and

lived in China before hired by Timetravels Incoming Ltd., which gains her understanding and familiarity of the Chinese cultural environment and the Chinese customer behaviour. By combining writer's own experiences and the research data, the thesis will help the commissioner to understand the target group better and to improve the understanding of FIT market potential; thus, to engage more target groups with its current market.

2 TIMETRAVELS INCOMING LTD AND VISIT FINLAND

2.1 Timetravels Ltd (Aikamatkat Oy)

The commissioner of this bachelor's thesis was Timetravels Incoming Ltd - the newly established daughter company under Timetravels brand (Aikamatkat Oy). However, there is no way to introduce Timetravels Incoming Ltd without knowing the background of Aikamatkat – Timetravels brand. Timetravels Ltd is a Finnish tour operator that specialises in “experience travels” to Northern Lapland and Northwest Russia. The company started its business with student tours to Russia and started organizing trips to Lapland from 2006. Besides scheduled departures that the client can choose each provided date to sign up for, Timetravels also offers tailored group tours to the most exciting places across in the Nordic area. All destinations of Timetravels Ltd are run by dedicated teams of travel industry professionals who know their area inside out and take the greatest care of the wonderful tourists. With the extraordinary performances of its student tours, Timetravels has not only built up great relationships with student organizations in Finland (such as ESN, one of the biggest student union for exchange students in Europe), more than that, starting from 2014, the company has expanded its business to the Chinese market - one of the most profitable markets in the tourism industry.

Guaranteed departures for student groups are the most important and the biggest part of business Timetravels is running now. With its 10 years' experience of running travel business in the Finnish Lapland and Great Russia area, Timetravels Ltd has built up an impressive relationship with local travel suppliers (safari companies, hotels, etc.). Thus, the company can provide price-competitive, stable and high-quality travel products that are extremely suitable for students in Europe.

To expand its advantages, Timetravels Ltd also opened its tailor-made group business for high-end customers. This business has become extremely popular in the Asian market. The product price for tailor-made group is relatively high but includes more luxury travel experiences/factors in its itineraries.

During the year of 2017, Timetravels Ltd has expanded its business to the FIT market. Two destination offices were established/merged in Rovaniemi and Saariselkä, Finland.

The purpose of establishing the destination offices was to provide more destination-focused services, such as activity booking, safari bookings and more individual booking products for local travellers. Meanwhile, destination offices can provide a better support for the company's group business by providing more efficient on-spot support on the popular destinations. Destination Management Offices (Hereafter the DMCs) are operating under Timetravels brand but owned by the Timetravels daughter company – Timetravels Incoming Ltd.

2.2 Timetravels Incoming Ltd

Timetravels Incoming Ltd is the daughter company established due to the huge growing travel demand in the Asian tourism market. Based on the great success in the Chinese market after 2014, the company decided to individualize its Asian incoming department as a daughter company to operate and create more specialized travel products for the Chinese & Southeast Asia markets. Timetravels Incoming Ltd is focusing on 5 Asian market sectors, including Philippines (10%), India (10%), Hong Kong and Singapore (15%), European-Chinese (20%) as well as Mainland China (45%). It has different product categories targeting different customer sectors. The markets of Timetravels Incoming Ltd are generally categorized as the Chinese market: including mainland China, Hong-Kong and any other groups requiring Chinese speaking services, and the South-East Asia market in which the services are usually required in English.

By the year of 2017, Timetravels Incoming Ltd provides three different kinds of travel products. The first type of groups is a **tailored group**. The tailored group which is mentioned in the last chapter are designed for Asian tourists and occupies nearly 40% of company revenues. Customized tours with a big group size have been the major tour package consumed by Asian markets for many years. All tailored group products are designed according to another Chinese-based travel agency's requirements. These agencies, as the customers of Timetravels Incoming Ltd, customize travel products of the destination travel agencies according to their target customers' requirements; or sometimes, by their market experience; they first purchase travel packages from destination travel agencies, then to collect customers from local. Flight tickets are usually combined with the product by the customer agencies. While handling the tailored group business, Timetravels Incoming Ltd operates only as the land operator, it does not collect any

direct customers; thus, all tailored business Timetravels Incoming Ltd having now is a B2B business. Collecting Chinese/Chinese-speaking customers for tailored groups usually requires local offices where the customers are located, and a customer service employee that the customer can talk to vis-a-vis. As a travel agency focusing on providing Chinese-speaking services, Timetravels Incoming Ltd has limited resources within China/other Chinese-speaking regions. The departure time of a tailored group is usually limited by the scheduled flight organized by the seller's company; it is not adjustable for the client. Tailored groups require the customers to sign up for the trip at least several months ago to make sure the correct bookings for the whole group and to remain enough time for the customers/sellers to sort out the visa applications.

Guaranteed departures are totally different tour packages and the most profitable and most important business for Timetravels Incoming Ltd, and until the year of 2017, almost 60% of the company's revenue was coming from this business section. These group products are based on the student group products of the mother company. Using the same travel resources and local suppliers from Aikamatkat Oy, Timetravels Incoming Ltd has managed to create high-quality products with a friendly price for the Chinese-speaking market. Guaranteed departures refer to groups sharing the same itinerary and departures every single week no matter how many customers signed up for the group; these groups usually contain a 5-7 days' travel package that includes departures from the capital region to destinations which are relatively hard to reach by foreign travellers by themselves. The itinerary is rather flexible for the travellers – transportation and hotels are fixed but the travellers can choose various activities from the schedule. In Timetravel's case, travel destinations are northern Lapland and Great Russia due to the great local support from local suppliers with whom the company has been cooperating for more than 10 years. Unlike the tailored group, guaranteed departures can be sold both to direct customers or the OTAs (Online Travel Agencies), or even sometimes, a business customer being same as the tailored group customer companies. Direct customers can choose any departure date that fits their schedule, all they need to do is reach the departure point on time. Theoretically it allows the customers to sign up for the trip after they arrived the destination country; however, due to many reasons, customers still are recommended to sign up for the trip at least few weeks before the departure. Customers can book their own flights and extend the journey as they wish by purchasing individual packages such as extra night hotel packages from Timetravels Incoming Ltd. Timetravels Incoming Ltd provides guaranteed departures from Helsinki, Rovaniemi in

Finland and Reykjavik in Iceland; it is the first tour agency providing Chinese-speaking guaranteed departure products in Finland. As a Chinese-speaking tour package, guaranteed departure helped Timetravels Incoming Ltd to realize the huge market potential for European-Chinese. According to writer's interview with Mr. Xiang Zhang, the CEO of Timetravels Incoming Ltd, almost 67% of the guaranteed departure customers signed up for the groups through OTAs located in Europe/the U.S. that are targeting Chinese citizens living abroad. However, for the profitability of such products, many competitors of Timetravels Incoming Ltd have already started to copy such product and sell it to the same market. For the end customers, it is hard to distinguish if a product is provided by a local land operator/a foreign company, the itineraries are mostly the same. The guaranteed departure business is facing challenges of losing customers to other European tour operators.

Free Individual Travellers' (herein after referred to FIT) tour packages are a brand-new market for Timetravels Incoming Ltd. After the big trend of hunting the northern lights in Finnish Lapland that swiped Asia through the year of 2016, more and more experienced travellers have chosen to reach this destination by themselves rather than signing up for groups. Timetravels Incoming Ltd planned on focusing more on the individual travellers' (B2C) market and it provides individual travellers more destination-focused products such as one-day tours and individual authentic activity/safari bookings. Compared with guaranteed departures, FIT packages require the travellers to reach the destinations by themselves but gives them absolute freedom of adjusting their own itinerary; they can either choose to purchase one product or to combine several products to design a unique, adjustable itinerary. The package does not require any pre-booking before the customers arrive their final destinations. Like guaranteed departures, such travel products can be purchased both via OTAs and Timetravels Incoming Ltd's own websites, and they can also be purchased from the local DMCs. The FIT market was the main reason for Timetravels brand to establish local destination offices, it can provide the FIT customers with more professional services and a quicker-respond local support while supporting the company's group services on a local base.

To sum up, Timetravels Incoming Ltd has a wide product range covering both traditional package tour market and the newly growing independent travel market. Its guaranteed departures products can be considered as a transitional product for travellers that are transforming from group tour participators to free individual travellers. After realizing

the growing of FIT tourism market, Timetravels Incoming Ltd conducted an interview together with Visit Finland to study the current situation and the potential of the Finnish FIT market for Chinese-speaking tourists.

2.3 Visit Finland Programme/Visit Finland.com

Visit Finland Programme was originally an integral part of Finpro, funded by the Finnish government. Finpro helps Finnish companies to attract foreign investments, especially for small and medium-sized enterprises, according to its official website (www.visitfinland.fi). As part of Finpro, Visit Finland also dedicates to helping Finnish companies to gain foreign attention mostly by improving the reputation of Finland as an attractive tourism destination. The other two Finpro organizations are Export Finland and Invest Finland.



FIGURE 1. Finpro organizations (<http://www.finpro.fi/web/finpro-eng/finpro>)

On 1st of January 2018, Finpro has united with Tekes – the Finnish Funding Agency for Innovations and become a new organization: Business Finland. Business Finland is dedicating on enabling global growth for Finnish companies and creating world-class competitive business environment for Finland. (Sciencebusiness.net. 2018.) Visit Finland, as part of Finpro, still operates as an individual part under Business Finland, while Export Finland and Invest Finland were combined as Invest in Finland. (Business Finland.fi 2018.) Travel industries, as part of the most potential global business opportunity that Finland currently are improving, are under Visit Finland's attention. Starting from 2018, Visit Finland put more effort on developing the image of Finland as a travel destination and helps Finnish travel companies to be more competitive on the global markets. (Visitfinland.fi 2018.)

Visit Finland has of course noticed the potential and importance of the Chinese tourism market many years ago. In the report of Finnish Tourism Year 2017 published by Visit Finland, the research data has shown that China has overcome Japan as being the biggest tourism market for Finland among all Asian countries. (Visitfinland.fi 2018.) By

the year of 2018, Visit Finland has had representatives in Beijing, Shanghai, Southwest China and Hong Kong.

Chinese tourists have been the most wanted customers for the travel industry in recent years, and Visit Finland has invested a lot of time and money to study what is favoured by the Chinese travellers and how to engage them with Finland as a travel destination. Visit Finland also organizes travel fair events that benefit both the Finnish local enterprises and the foreign investors, such as the China Road Show and ITB Asia. The data collection for this bachelor's thesis was assigned by Visit Finland directly as its one investment in investigating the Asian tourism market. Timetravels Incoming Ltd was the cooperative agency in this research. The topic of this thesis was assigned by Timetravels Incoming Ltd based on the collected data. Both Timetravels Incoming Ltd and Visit Finland have the rights of accessing the collected data for research purposes.

52 Chinese FIT tourists were interviewed for the study purpose assigned by Visit Finland (for interview questionnaire see appendix 1). The interview questions were mainly based on the ideas produced by Visit Finland and the translation and formation were done by the staff of Timetravels Incoming Ltd. Interviews were mainly divided into 4 sections: a. general questions for warming up and background information; b. transportation and shopping in Finland; c. Finnish culture; d. FinRelax program.

Visit Finland.com also publishes a great amount of statistical data on its website for its viewers to have a better understanding of the current Finnish tourism market. These data were widely used as secondary resources for this bachelor's thesis. Based on the data provided by VisitFinland.fi and the market experiences of Timetravels Incoming Ltd, the thesis aimed to find out a solution for both organizations to see the potential and benefits of establishing relationships between European-Chinese tourists and Finland.

3 THEORETICAL FRAMEWORK

3.1 Tourism marketing

It is important to define tourism industry before discussing the marketing for tourism business. WTO's newest definition of tourism describes that tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year of leisure, business, and other purposes. (WTO 1992) This definition has been subsequently ratified by the UN Statistical Commission. The UN definition for tourism raises three main elements to give a more detailed information about tourism:

1. Visitor activity is concerned only with aspects of life outside normal routines of work and social commitments, and outside the location of those routines.
2. The activity necessitates travel and, in nearly every case, some form of transport to the destination.
3. Specific destinations are the focus for a range of activities and a range of facilities required to support those activities. Such activities and facilities have a combination of economic, social and physical environmental impacts that are the basis for tourism policy and visitor management programme.

Tourism is part of the service industry. The service industry is a broad concept including all business entities providing services. Tourism includes hospitality industries and tourism industry. Hospitality industry can also provide service products that are not targeting on travelers while tourism industry companies provide services only dedicated to a visitor's journey. (Middleton, Fyall, Morgan & Ranchhod 2009, 20.) Thus, tourism industry shares the marketing and business theory with service/hospitality industry.

The tourism industry is one of the biggest industries in the world nowadays; after the millennium, due to the growth of world economy and internationalization, international tourism business kept growing years by years. Unlike many other businesses, tourism industry provides mostly intangible products such as services and experiences; sometimes, travel products can be a combination of services and physical facilities or products. Tourism products are highly perishable for the consumption and production mostly happens at the same time, a person consuming the travel service while the service is happening. (Middleton et al. 2009, 24-32.) Due to this feature, the tourism industry has higher requirements for the preparation of the product, to understand its customers.

Companies providing partly/full package services related to an end customer's journey will be defined as companies in tourism industry/ tourism companies. According to Middleton et al. (2009), there are altogether five component sectors of the tourism industry:

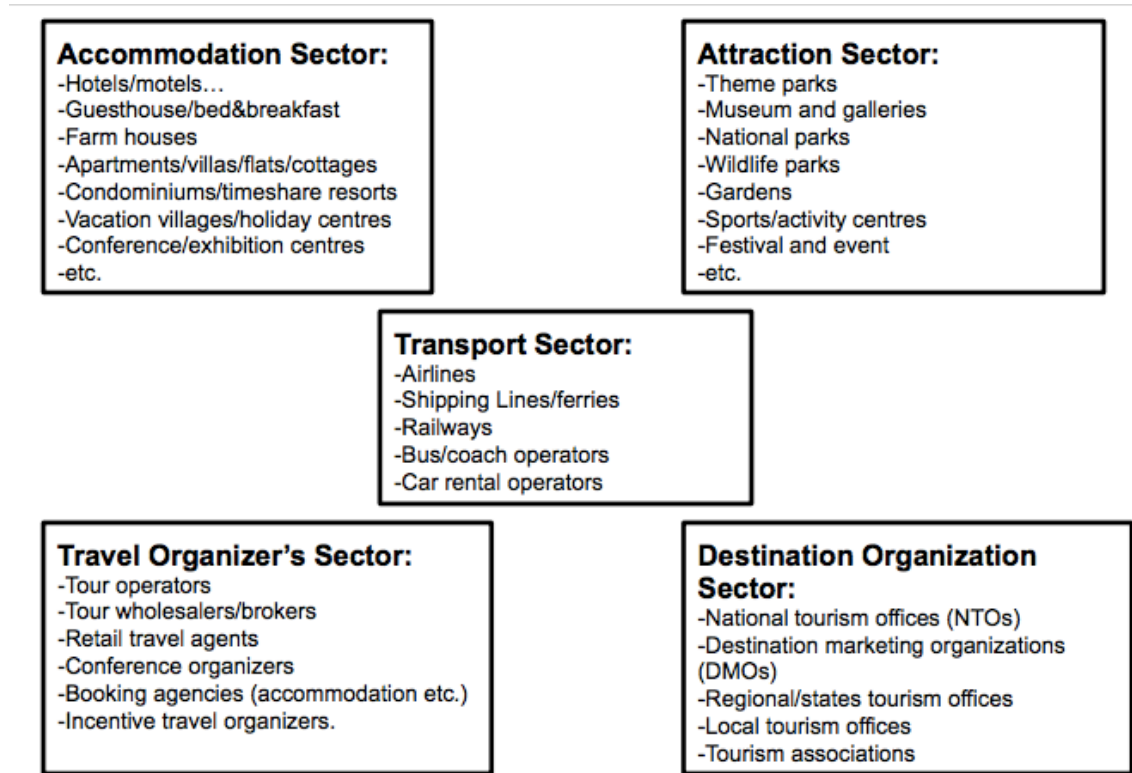


FIGURE 2. The five component sectors of tourism (Middleton et al. 2009, 11)

As shown in figure 2, it is obvious that most of the sectors include hospitality companies, which provide services to both the residents and visitors (restaurants, bus operators...). There is no clear boundary between the tourism industry and hospitality industry, a hospitality/tourism company, under most occasions serves both markets and shares same marketing strategies. Time Travels Incoming Ltd as a tour operator belongs to the travel organizer's sector in figure two; its customers mostly are travel retailers, also belonging to the travel industry.

All the five component sectors service one target – the satisfaction of visitors/end customers who experience the service. Thus, the tourism industry is an industry highly depending on the customer's demand/requirements, also known as the customer-oriented market. Knowledge of the customers and the customers' requirements is recommended

to be applied while making management decisions. Marketers of tourism market shall design products to make sure customer is satisfied with the service provided. Meanwhile, the marketing trends are also influencing the customers' decisions. The interactions between customer requirements and the marketing trends created a key marketing environment that the travel business providers need to pay extra attention to. In most cases, all five component sectors work together with each other to provide a mix of intangible and tangible services to the visitors to make sure the travel experience is what the visitor expected. In figure three there is an illustration of the connection between these five sectors, and how they are working together to build up a holistic travel service for customers. It is also shown in the figure that all these services are based on the marketing influences which should be instructed by the customer demand. Marketing influences and customer orientations are keys when making management decisions within the tourism industry. (Middleton et al. 2009, 30-69.)

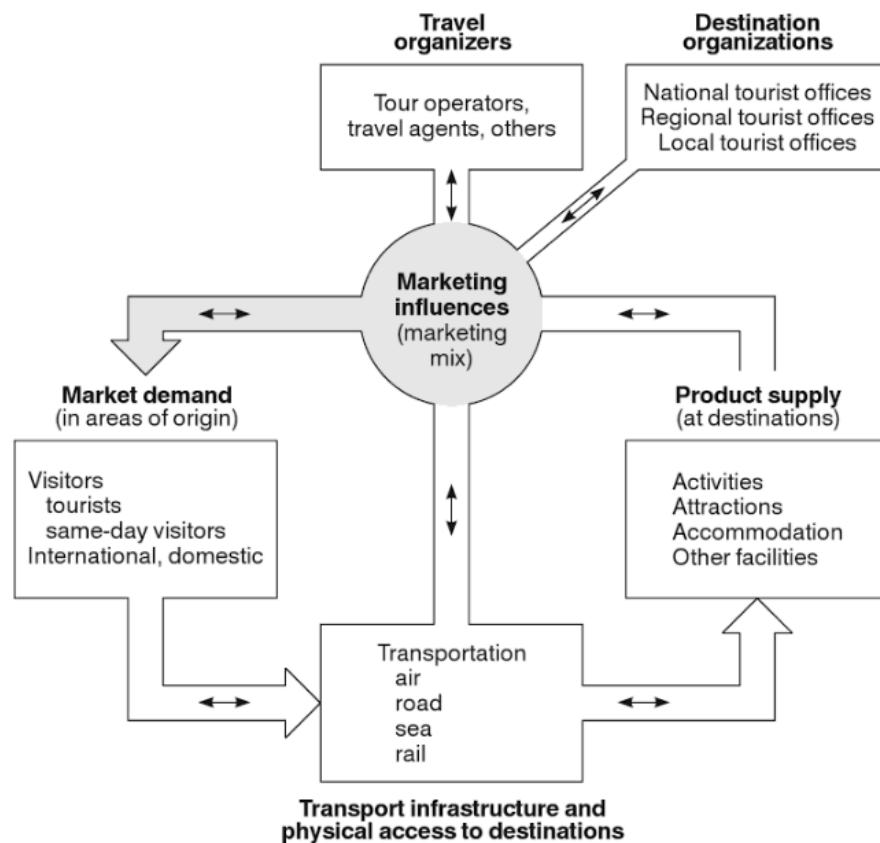


FIGURE 3. The systematic links between demand and supply: the influence of marketing (Middleton et al. 2009, 12)

Besides being marketing/customer orientated, tourism industry marketing also contains some special characteristics from the other industries (for example, financial business/retailing). These factors are important to understand before digging into the marketing methods for tourism companies. These factors are seasonality, intangibility, perishability, inseparability, variability, interdependence, supply exceeding demand and high fixed costs. Bowie, Buttle. & Brookes (2017) defined these characteristics as SIPVISH.

Seasonality. The demand of service market is often fluctuated by the influence of the time. The period can be either a day, a week, a month or a whole year. The under or overutilization of the capacity is dangerous for companies in the service industry. (Bowie et al. 2017, 61.) Thus, it is important to keep on track for the seasonal changes and make an accurate forecast based on the company's experiences/the marketing data.

Intangibility. This factor is one of the key factors that differ service industry from the other industries. Almost every product in the service market is intangible, or a mix of intangible and tangible components. This factor creates challenges for the service providers, for the intangibility of travel products produces a high risk and makes it difficult to evaluate the quality of the product; making marketing communications and data collections extremely important for the service providers to be aware of the situation of their product. (Bowie et al. 2017, 62.)

Perishability. Unlike manufacturers who can store their goods in a warehouse, a service cannot be stored and is mostly consumed during its producing process. Demand equals inventory in service industries. The challenge for every company in the service industry is how to manage its capacity which equals the inventory. Balancing the price and demand for the high and low season is the key marketing strategy for service providers. (Bowie et al. 2017, 63.)

Inseparability. The production and consumption of a service product happen at the same time, they are inseparable. Performance of the staff who provides the service highly influences on the customer's experience. The service industry has higher requirements for the staff who presents the service to the customer. (Bowie et al. 2017, 64.)

Variability. By different levels of inputs of the staff, product design or technologies; services can vary greatly from one to another. Travel companies suffer fluctuations by the standard of the service they provide. Companies shall respond to the variability issues by standardizing the service qualities and staff qualities. (Bowie et al. 2017, 64.)

Interdependence. During one trip, multiple purchase choices have been made by one traveler, and the overall customer experience is a combination of all the service products the traveler has experienced during the whole trip. Destination management, hotel management and management of all activities a customer has chosen to join, all have influences on the trip. This factor makes that individual travel suppliers must work with the destination management organizations, to promote demands for tourism. (Bowie et al. 2017, 65.)

Supply exceeds demands. The tourism industry is an industry with very low barriers to entry. It is relatively easy to obtain finance or buy a hospitality company in many countries. (Bowie et al. 2017, 65.) For this reason, the market environment for tourism is more competitive and the price competition has a higher influence on service markets than on the other markets. It is easier for competitors to enter tourism market/create a similar travel product.

High fixed costs. The cost structure of travel companies can also have an influence on the company's marketing performance. The tourism industry is highly depending on the company's staff training level. This part of costs is fixed for travel companies and the costs are usually a great expenditure for the companies, because most of the employees are full-time, permanent employees. (Bowie et al. 2017, 65.) The investment in the staff is highly risky because of the mobility of staff with abilities.

To summarize, tourism is a highly customer-oriented and marketing-oriented industry. All actions that influence customers' experiences should be studied and controlled by the marketing managers of the travel industry. Figure four shows the role of marketing management in tourism industry, starting with the research and analysis of marketing objectives, target customers, and marketing environment. A correct and precise knowledge input of the target markets and customers is fundamental for building up marketing strategies. Planning and budgeting help the manager to adapt the collected knowledge to the company's current situation. After implementing the marketing strate-

gies, it is also important to monitor and control the whole implementation. After all processes, the marketing decisions can finally reach the end-customers.



FIGURE 4. The flow of marketing management in hospitality industry (Bowie et al. 2017)

3.2 Marketing environment and marketing mix

Bowie et al. (2017) summarized two important definitions of marketing that have been raised by the American Marketing Association (AMA) and the UK-based Chartered Institute of Marketing (CIM):

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners and society at large. (AMA)

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably. (CIM)

Integrating both definitions, marketing is about both creating values and satisfying the customers' requirements. AMA definition stressed the "value creating" concept. The customer usage/consumption of one product creates the values for that specific product. A travel package can be nothing but a simple itinerary until some customers have used/experienced it. This concept is known as the "value-in-use". Meanwhile, the CIM definition emphasizes the importance of satisfying the customer requirements. It is exactly the value of the product that makes the customer satisfied. (Bowie et al. 2017, 31-32.) To summarize, marketing is about creating values in goods and to secure that value can satisfy the customers.

As a business philosophy, it is believed by many professionals that marketing is a method of putting customers the first place. Implying this method to the hospitality marketing is to create and retain the customer satisfaction of the provided services; creating a good experience when producing the service. Under different backgrounds, marketers are facing different challenges. At one extreme, the marketers are more targeting at a

one-off sale while at the other, to build up steady long-term customer relationships. (Bowie et al. 2017 30-33.)

Transactional marketing. A business that serves a transient or temporary market can be associated with transactional marketing. Transactional marketing is targeting on gaining customer satisfaction and the seller's profit at the same time. (Bowie et al.2017, 30-33). For example, one single sale of the travel product to one customer that is unlikely to return to the same destination requires transactional marketing.

Relationship marketing. Relationship marketing can be applied to a business that is likely to have a long-term, repeated transaction with its customers. Relationships marketing is focusing on establishing long-term, mutually beneficial relationships with the customers. (Bowie et al. 2017, 30-33.)

As discussed in the previous chapters, tourism is an industry that responds sensitively to market situations, customer requirements and market environments. Tourism companies need to understand and make effort on adapting to changes and facts in the marketing environment. Both marketing macro- and microenvironment influence the customer, business, and companies; thus, to influence a company's performance in its market. (Bowie et al. 2017, 45-48.)

The macro environment. Macro environment for a market contains all the political, economic, socio-cultural, technological and environmental forces that have an influence on the operators/customers. These forces are also known as the PESTEL forces. Tourism industries have very limited control of the PESTEL changes but meanwhile they are highly influenced by any changes among PESTEL forces. The political decisions, such as visa policies, can easily affect the customer behaviors in the travel industry; as well as the economic forces, which include all influences on the wealth and income of the whole population, also have a great influence on the visitors' behavior. PESTEL factors are strongly interacting with one and another. Bowie et al. also claimed that tourism/hospitality companies, besides the PESTEL factors, shall also pay extra attention to the company's business cycle. (Bowie et al. 2017, 45-60.)

The microenvironment. Microenvironment involves people and organizations that the company interacts every day in its business operations. The microenvironment includes

customers, employees, suppliers, intermediaries, competitors, and publicities. (Bowie et al. 2017, 57-58.) All these factors are interacting with the company closely and have much influence on the company's marketing decisions.

Marketing mix, also known as the marketing 4Ps/7Ps, is the most commonly used tool when responding to the market situation/customer requirements. It is also taken into considerations for all five component sectors when making marketing decisions. Tourism, as an industry is highly depending on the marketing situation and customers' requirements. To study the marketing mix for tourism was extremely crucial for this research. For the uniqueness of tourism/service industry, the traditional marketing mix 4Ps were extended by Booms & Bitner by adding 3 new elements to be more suitable for the service industry, by bringing more applicable ingredients for the service industry market through adding process, people, and the physical evidence on top of the traditional 4Ps. However, on top of the service market model, Bowie et al. (2017) described in their book how marketing mix should be like. They claimed that the marketing mix of hospitality shall be based on eight activities that are shown in figure five:



FIGURE 5. Marketing mix for hospitality and tourism industry (Bowie et al. 2017, 70)

Product/service offer. The product range of tourism industry is wide; however, all the products are designed to satisfy customer's requirements for good travel experiences. All the services that can be provided by the five component sectors of tourism industry mentioned in previous sections can be defined as products of the tourism market. Travel

businesses shall provide for customers products and services that are designed to satisfy customers' expectations of a business/leisure tour. Services can include accommodations, destination events, and even business services such as conference organizing. Marketing shall play the role of developing the quality of products/services to meet the customers' requirements.

Location. A suitable location for providing services is crucial for the tourism market, because tourism itself includes a transaction of locations for the end customers. The location can be chosen based on either the customers' requirements, decisions or the service providers' business situation/physical locations. Location decisions focus on where the service should be purchased and consumed.

Price. Price decisions have an influence on all kinds of marketing decisions; it directly connects with the consumer's behaviour. Price influences the customers' demand and is crucial for driving profitability. The price strategies in tourism industry do not only include setting the price for single/multiple service products; but also include agreeing on the discounts with key customers and designing the price strategies for the discounts – one of the cases that differs tourism industries from others. For the seasonality of the tourism industry, the price difference between a high and low season shall also be designed accordingly.

Distribution. Distribution of the tourism industry concerns how to make the product/service the easiest to the end customer to book or purchase, no matter directly or through an intermediary (Bowie et al. 2017, 72). The rapid growth of online travel agencies (OTAs) and the mobile APPs has a great influence on the distribution of travel products or services. Choosing distribution channels is an unavoidable challenge for travel service suppliers and will influence the relationships between the five component sectors of the travel industry.

Marketing communications. Marketing communications includes all the communication channels that a tourism company can use to communicate with its customers, employees, and investors. Internal and external marketing communications are both important for a company to have better marketing performance. Bowie et al. (2017) pointed out the key elements of marketing communications in tourism shall include:

- brand identity
- online marketing (website/mobile app design, social media...)
- personal selling
- print and publicity material (e.g. brochures)
- advertising
- direct marketing
- sales promotion
- publicity
- merchandising
- sponsorship

Physical environment. All tangible features that are provided by a service provider can be considered as the physical environment. The physical environment in tourism industry also includes the appearance of the staff and the external appearance of the destination, the landscape, the weather, the decoration etc. The physical environment can influence a customer's feelings regarding the product. Internally, the physical features have the influence on the staff. The techniques of sensory marketing can be applied to building the physical environment to give a better experience for the customers.

Process. Due to the inseparability of the production and consumption of the service product, the processes before/after consuming the service (booking, check-in, confirming, check-out...) is very important for service providers. The marketing manager shall make sure that the processes are customer friendly, efficient and competitive within the industry.

People. According to Bowie et al. (2017), the "people" in the marketing mix of hospitality service industry include both the end customers and the employees. It has been emphasized how important the end customer is to the service industry. Customers also interact with each other to communicate, and they recommend the service product. Another important interaction is between customers and the service provider's employees. Tourism companies need to make sure that their staff delivers good image to the end customers.

Because of the perishability and inseparability of tourism industry products, the marketing mix shall be designed differently for different stages. Along the customer journey,

one customer has different requirements at different stages of the whole journey. Three marketing mixes were introduced by Bowie et al. (2017):

- pre-encounter marketing mix
- encounter marketing mix
- post-encounter marketing mix

All three marketing mixes target at different stages of a travel service product. The pre-encounter marketing mix happens before the customer comes to the property/destination to experience the service. The marketer, at this phase, focuses on identifying and influencing the customer's expectations and on generating the first purchase. This marketing mix is also the only marketing mix that was applied in this bachelor's thesis research because the target is customer relationship establishment. The second marketing mix is the encounter marketing mix which occurs while the customer is consuming the service product. The objective of this marketing mix is to design a product that satisfies the customer's requirements. Post-encounter marketing mix is targeting on the influencing the customers after the service encounter to get recommendations from the customers and to create a long-term customer relationship.

Combining the concept of the marketing mix and the flow of marketing management in the hospitality industry is needed; before the customer encounters, analysis and study the market is a very crucial part of the marketing mix. After combining the marketing analysis results with the company's current budget and business situations, the marketing managers are able to implement a successful marketing strategy. The online marketing, advertising, personal selling, sales promotion etc. and publicities are all good marketing implementations to influence customer decisions. Research and analysis of customer situation and customer requirements shall also happen at this phase to establish the relationships with target customers. Product design is also happening before the customer encounters, the decision of product design shall be based on the research about target customers' requirements.

3.3 Customer relationship establishment

According to Francis Buttle, a customer relationship can be defined as to a customer to move from a state of independence to dependence or interdependence. To engage with a target customer/market, it is important to gain enough knowledge regarding the targets' requirements (2009, 28). Customer relationship establishment includes series of actions:

to connect, to interact, and to satisfy; it also includes customer relationship retention and loyalty engagement (Sashi 2012, 262).

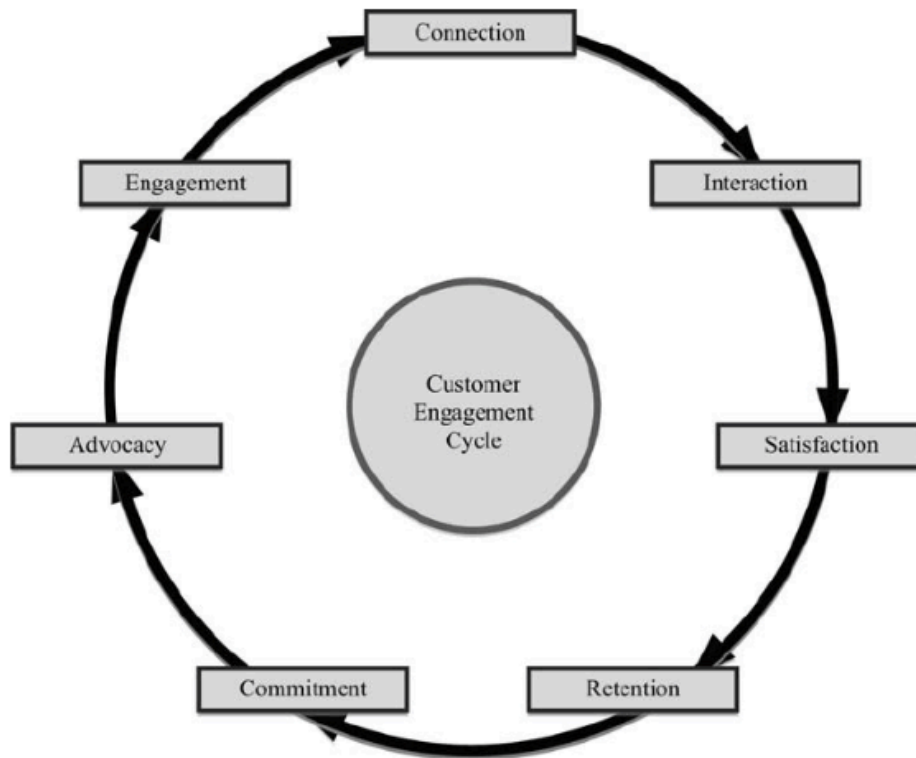


FIGURE 6. Customer engagement cycle by C.M.Sashi (2012, 261)

As a part of the service industry, tourism provides travel products for customers to experience. Same or resemble travel products are most unlikely to be purchased twice by one customer. Thus, the retention and product commitment parts in the circle are not applied in this bachelor's thesis. In tourism case, customer satisfaction of a service product leads straight to the advocacy link. With satisfaction of the purchased product, customers can play the advocacy roles to a broader market. For similar reasons, customer engagement for travel business also differs from other industries – the engagement often leads to a service provider instead of a destination. Thus, this bachelor's thesis mostly focused on the connection – interaction – satisfaction - advocacy mode of establishing customer relationships between European-Chinese FIT tourists and Finland.

Thus, it is crucial to analyze the requirements of the target group to attract connections and interactions. Customer knowledge is fundamental for any enterprise that wants to succeed in the business. Gathering, managing and sharing customer knowledge is the key to engage the company and its customer (Garcia-Murillo & Annabi 2002). Understanding the needs of Chinese tourists and what they need from the market was the base

of this bachelor's thesis research; as well as the goal of data collection. As part of the customer-/marketing-oriented industry, tourism agencies shall share a set of beliefs that customer requirements are the first-factor influencing the company's sales situation. Collecting, disseminating and using the customer and competition information is the major way for developing/establishing customer relationships. It is strongly proved that constantly adapting to customer requirements and competitive situations strongly correlates with a company's business performance. (Buttle F. 2009, 5.)

Pre-encounter marketing techniques help the company to attract and engage with the target customers. An effective pre-encounter marketing strategy is the key for a company to occupy the target market. The key focus of pre-encounter marketing is to ensure that all marketing mix elements are integrated into a coherent marketing mix that attracts the target customers to choose the service product. The logic of this coherency is based on customer knowledge. Thus, information collection and marketing research are the key to pre-encounter marketing. (Bowie et al. 2017 92-107.)

Marketing research is based on the collection of marketing information. Bowie et al. (2017) have suggested that marketing managers need relevant, accurate, timely and usable information regarding both the target market and the customers to make effective marketing decisions.

CUSTOMER KNOWLEDGE

Chinese Tourists
↓
European-Chinese tourists
↓
European-Chinese FIT tourists

Customer relationship
establishment

MARKET SITUATION

Finnish FIT Tourism Market
(What are the main features of FIT
tours: their pros and cons)

CONCLUSION(main research question):

Why European Chinese are the easiest approach for
Finnish FIT market?
How to establish and maintain the customer relationships
between European-Chinese FIT tourists and Finnish FIT
tourism market?

FIGURE 7. The research logic of this study

As shown in figure 7, the researchers shall analyse both customer knowledge and the market situation to find the main answers for how to establish/consolidate the customer relationships between the parties. By analyzing the marketing macro- and microenvironment and combining with the study results of the target groups, the researcher can define the potential of marketing engagement and suggest an efficient way of engaging the market with the target customers.

4 MARKET ENVIROMENT

4.1 Chinese tourism market

Summarized by Forbs.com, during the past three years, even the growth of Chinese GDP has decreased compared with the first decades after 2000; the annual growth of the Chinese outbound travelers' amount is still growing twice as fast as the GDP growth (Wolfgang 2015). The number of outbound Chinese travelers reached 1 hundred million for the first time in the year 2014. By the year of 2016, the outbound tourism already reached 122 million and was continually growing in the Q1 of 2017. The Chinese National Tourism Administration predicted the number of outbound Chinese travelers highly possible to reach 2 hundred million by the year of 2020 (CTA 2016).

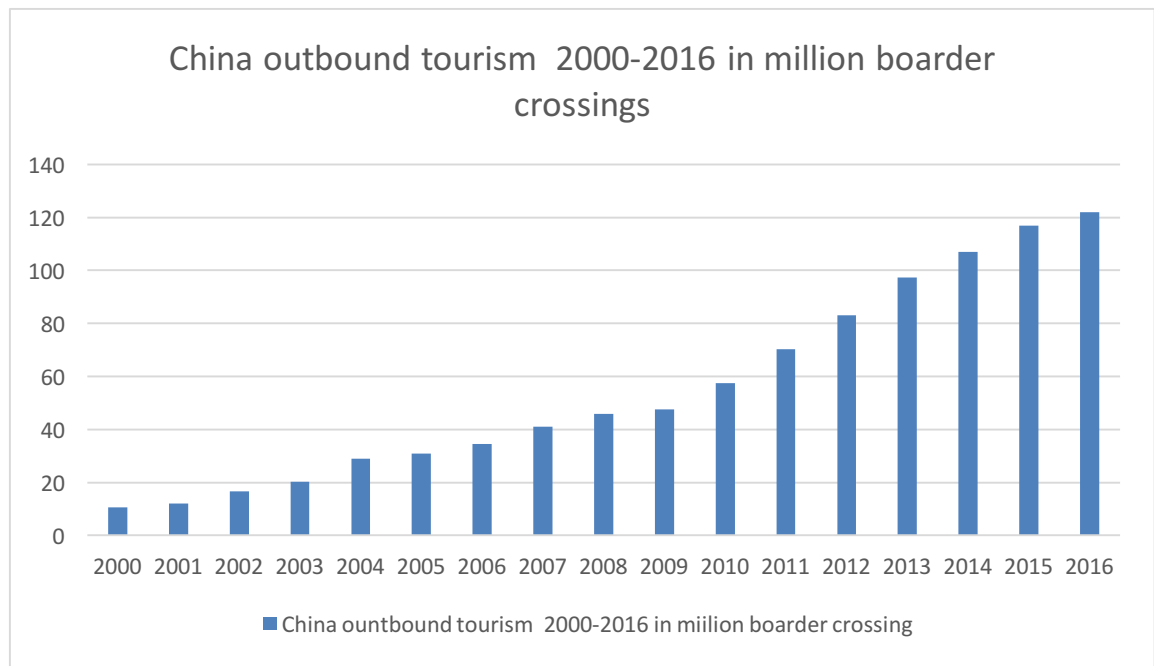


FIGURE 8. Chinese outbound tourism 2000-2016 (CTA 2016)

Travel expenses have also increased largely since China opened the outbound market. As shown in figure 9, the total travel expenditure of Chinese residents has raised up to 292,200 Million USD by the year of 2015. Chinese tourism market has been proven to be one of the most profitable markets in the world nowadays. As a developing country, the living standard and consuming behavior of Chinese people have been changing rap-

idly in the past decades. The emerging of wealthy middle class leads to a huge growth of consuming ability that has been indicated in many other statistics.

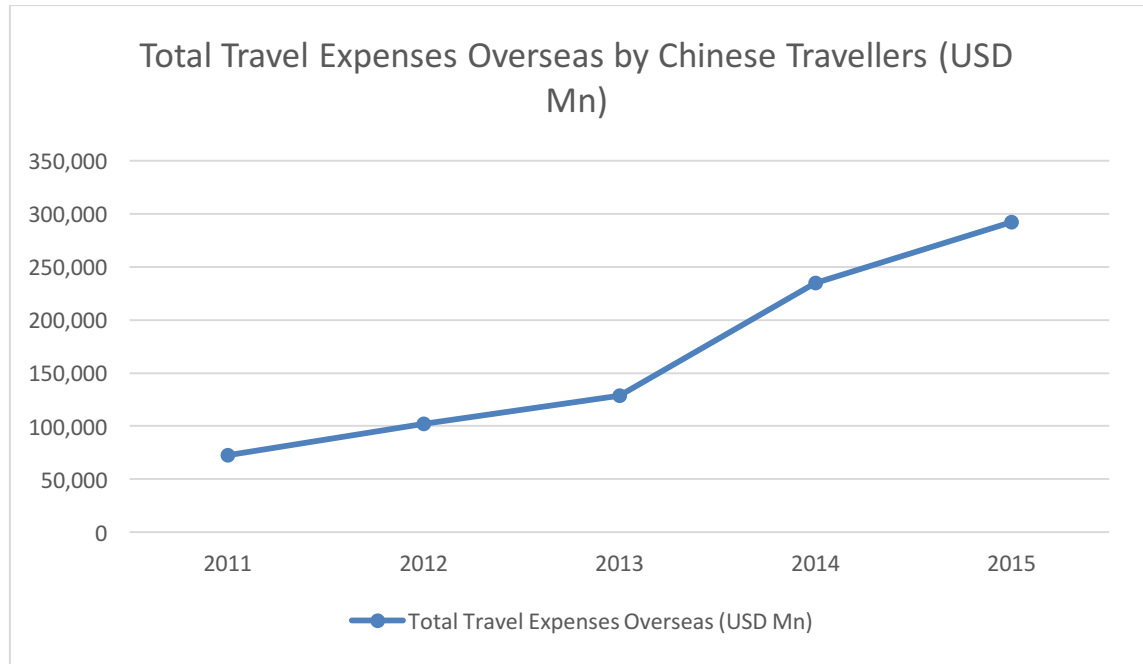


FIGURE 9. Total travel expenses overseas by Chinese travellers 2011-2015 (UNWTO 2016)

One of the worlds' leading travel affair organization – ITB also indicated that the growth of Chinese tourists is once again the driver for the amount of Asian tourists increasing in Europe. In fact, Japanese and South Korean tourism markets are influenced by the reduction of their national economy, while Chinese tourism is gaining more consuming power by the predictable national economic growth. (ITB 2017.) Chinese tourism market is the macro-environment contains many factors that need to be studied by any tourism company that evolves in Chinese outbound tourism market.

Political environment. China has always been a country driven by political needs of people who yield power. Chinese outbound tourism started with 'the reform and opening-up' policy raised by Deng Xiaoping, the paramount leader of the Chinese government at that time. Starting from the 1980s, the Chinese government has been gradually granting the degree of freedom in terms of travel abroad. The outbound tours have been starting through a strictly controlled phase with limited destinations. Chinese outbound tours started from a very small amount of limited visits to Hong Kong and Macao, then expanded to the border region countries, such as Thailand/Philippines, or Malaysia. The border countries tours only started after the year 1990. (WTO 2003.) ADS (Approved

Destination Status Policy) was a policy that regulates and controls the number of foreign trade/travel countries that a Chinese citizen can visit. Only countries holding a valid ADS agreement with the Chinese government can take Chinese tourism groups; this policy was not applied to the business/official/study visits but only the private leisure tours. The CNTA (Chinese National Tourism Administration) publishes a list of countries and travel agencies that are holding the ADS agreement. ADS policy was first introduced to Singapore and Thailand in the year of 1990, then expanded to more and more destinations during the following years. (Wolfgang 2006.)

The rights of traveling abroad for pure leisure without connection of official business, studies, or visiting relatives living abroad has been recently granted to Chinese travelers during these 20 years. During the year of 1997, the Ministry of Public Security under China Tourism Organization published series of regulations to regulate the Chinese outbound travelers.

Chinese Citizens going abroad on tours at own expenses shall mainly be in the forms of groups and teams. Groups and teams shall mean tour groups going abroad which are organized by travel agencies with rights of business operations and are composed for more than 3 persons. The destination of countries and regions of tourism abroad shall be put forth by State Tourism Administration in Conjunction with the Ministry of Foreign Affairs and the Ministry of Public Security and Submitted to the State council for examination and approval.

(Interim Measures for the Administration of Chinese Citizens Going Abroad on Tours at Own Expenses, Article 2)

This regulation was approved by the Chinese State Council on March 17, 1997. It started the period of group outbound travel for Chinese travelers. This regulation was strictly followed until 2002 when the country first opened channels for free individual travelers – several countries were approved by the government that can be visited by individuals without participating a group. (WTO 2003.) For the past 20 years, the Chinese government policy has made the outbound trip a luxury and precious experience for normal Chinese citizens. Only a very limited number of Chinese people has been experienced travel abroad. Thus, the consumer behavior of one Chinese guest does not only represent him/herself, it also is including the relatives/friends. Travel abroad for Chinese people was a very precious opportunity, and the usage of this opportunity needed to be maximized. According to the Chinese Tourism Boom report, published by the Goldman Sachs Group Inc. (2015), the number of passport holders in China was only 4% of the total population by the year of 2015, which was much lower than the 25% in Japan and the 35% in the USA. Chinese outbound market has just begun its expanding. However,

the biggest complaints from Chinese tourists during outbound tours is also a political reason. In the report formed by WCTF (2014), the biggest complaints and concern of Chinese outbound tourists is still the long and complicated process of obtaining a foreign visa. Diplomatic policies in China has a bigger influence on the travelers than in most of the western countries. In the UNTWO Visa Impaction report for APEC countries (2013), China is still the most restricted country with 97% destinations Visa-requirements; ranking the highest among the APEC countries; while the same for Hong Kong residents was only 20%.

Economic environment. As a developing country, China has shown an almost astounding speed of its citizens' consuming power. After the "reform and opening" policy, China has entered the fast-growing time with the vigorous growth of Gross Domestic Product (GDP). The number of Chinese middle class expanded rapidly in the past 10 years. This newly risen middle-class acts as the major group of outbound travelers; most of them are from the major urban areas such as capital region, Shanghai, or Guangzhou.

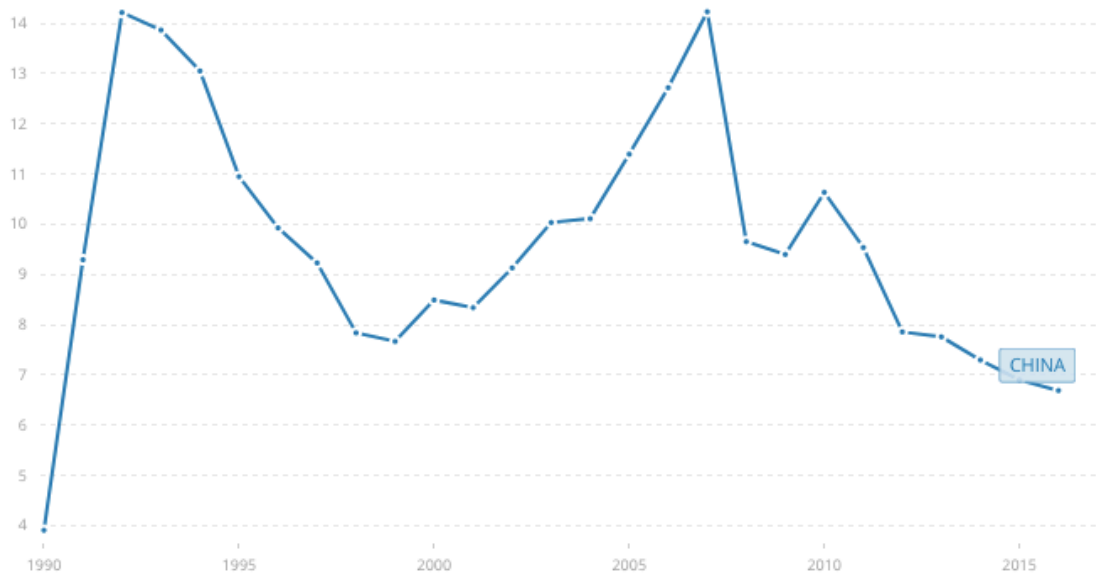


FIGURE 10. China annual percentage of GDP growth (The World Bank 2017)

Figure 10 shows the continuous growth of China's GDP per year. Regardless the recently-slowed increasing percentage, the GDP growth in China has never faced a decreasing after the year 1990. The rapid economic growth has had a great impact on the tourism industry. According to CTA's statistics, along with the growth figures of Chinese outbound tourism, Chinese visitors have spent totally 109.8 billion US dollars (equals 760 billion RMB) in worldwide overseas destinations (CTA 2016). This figure, multiplied

by the 122 million outbound numbers, leads to a 900 USD average expenditure of a single Chinese traveler per trip. Chinese travelers ranked the 7th highest per-trip spending amount in the world. All these consuming power and statistics show the great potential of Chinese outbound tourism market, considering the country is still developing and while 9 out of 10 Chinese household income is still lower than 15000 EUR per year. (Cruise V. 2016.)

Socio-cultural environment. Along with the historical and political development of China, the social recognition of outbound travels among Chinese people has changed rapidly in recent years. For the complicated social environment and the big gap of wealth among different social status levels; the perception of travelling or visiting a foreign country has never set the tone for the whole society. (WTO 2003.) Different social groups in China share totally different consuming behavior patterns and motivations. The major differences can be the age and wealth. It is important to look at these two factors before analyzing the target group. (Laurence 2016.) However, when targeting on the groups who have the ability in terms of economy to travel abroad; there are still ways to study the attitudes for middle-class Chinese people regarding outbound traveling. The Chinese consuming decision making is highly influenced by the social recognition of the consumers' consuming behavior. Outbound travels, for the new rising middle-classes, become a way to distinguish themselves from other social classes and a way to show that they belong to a group that has enough means to travel abroad. (Wolfgang 2006.) For the new rising middle classes, it is crucial to have the acknowledgement of entering the middle-class group. For most Chinese travelers, sharing their travel experiences on social media (wechat, weibo, etc.) is important. It is almost impossible to remain 'silent' after the trip has happened. Travelling abroad has a positive image for modern Chinese people to show their social status and their abilities towards leisure enjoyment. Following the trend of globalization and internationalization, the influence of western culture has had a huge growing impact on Chinese people after 1980s. The image of a foreign country can be easily seen in a movie or on TV. The anxiety of experience in a trip to a foreign country has become a popular sense among Chinese citizens. Thus, when there was no more limits with policies or economies, Chinese people rushed out to the world's outbound travel market and the amount will continue to grow in the future. Travelling abroad has also brought concerns to the tourists. According to the WTCF research (2014), the major concern for Chinese tourists about visiting a foreign country is still language barrier (73.73%), then comes the personal and

property safety (41.32%) and the cultural differences (40.20%). However, in the latest report by CITM (Chinese International Travel Monitor 2016), besides the obviously growing number of outbound tour consumers, the composition of Chinese outbound tourists has changed greatly in the past three years. The number of travellers with language barriers has slightly decreased, and there are experienced travellers with higher service requirements starting to emerge among the Chinese tourists (Chinese International Travel Monitor 2016).

Technological environment. The massive technological development in China has had an enormous impact on the outbound market; the worldwide internet environment nowadays simplifies the process of approaching a suitable travel product for customers. One great factor that directly has influenced the ways of travelling has been the improvement of Chinese OTAs (Online Travel Agencies). By the year of 2013, 7.7 % of the total revenue of Chinese travel industry was coming from OTAs. Tourism in China is shifting from offline to the online market. (WTCTF 2016.) The impact and revenue of online travel agencies is growing faster than the whole industry is growing in China. Ctrip, Qunar, and Alitrip are the leading companies in China providing a full-coverage of travel products on their website. On the 2017 Q1 market overview of China's online travel agencies, Ctrip had 35.19% market share of the whole online market, followed by Qunar (17.28%) and Alitrip (13.57%), (CIW, 2017). All these online travel agencies are not only a platform for selling travel products/packages, but they also allow their customers to share/comment on each tour. The development of online travel agencies has stimulated and will continue stimulating the expansion of Chinese tourism market.

Environmental forces. Tourism, as an industry selling a combination of intangible services and some tangible factors is considered not usually influenced by the environment. Discussing China as a special case, its environmental conditions somehow do have an impact on the travel trend. However, the environmental conditions in China has, on a certain level, provoked the trend of travel/study abroad. On the WTCTF report (2016), the highest reason why Chinese people visit a foreign country is still a good, clean and pure scenery.

Chinese outbound travel market has already been recognized in the world as a fast-growing, profitable market. By analysing the market environment, it is obvious that the market still has great potential in the next decades. If the Chinese outbound tourism

market can achieve its status now with a still relatively restricted political environment, it is reasonable to assume that the outbound market will grow faster in the future with the open policies Chinese government is currently proceeding.

4.2 Finland as a destination for Chinese tourists

Unlike Western/Continental Europe, a Nordic country only has become popular among Asian tourists for a very short time. According to the interview with Mr. Zhang, (interview questions, see appendix 2), a traditional Nordic tour package was usually a tie-up tour including 4 Scandinavian countries; Sweden, Denmark, Norway and sometimes, Finland. Visiting only one Nordic country was for a very long time considered as not attractive enough for the travelers to spend their money and energy. Based on the ITB statistics, the increase of the amount of Chinese visitors to Finland increased 30.55% during the year of 2015-2016; and compared with the 1.66% decrease of Germany, the growth of the amount of Chinese visitors to Finland was almost outstanding among all the European destinations. The same impressive increase also applies to another Nordic country – Norway, with a 38.23% increase during the same year. (ITB 2017.) Finland as a unique case has newly become a wanted destination for Chinese tourists for many reasons.



FIGURE 11. Trips to Finland by Chinese residents (UNWTO 2017)



FIGURE 12. Monthly nights spend and arrivals by countries of residence, by Chinese and Hong Kong travellers (Visit Finland 2017)

As shown in figure 12, the high-season for Chinese and Hong Kong residents to visit Finland is concentrated in the summer season (June to August), another high peak is at the Christmas-New Year time which is December. This data matches with the description by Mr. Zhang, the CEO of Timetravels Incoming Ltd; as he describes in the interview with him that there is still two high seasons for Chinese tourists to Finland. The summer high season visits were mostly capital region visits, these visits usually are combined with other Scandinavian countries; while the winter high season has recently started in the past 3 years, as a trend of seeing the natural northern lights. During the summertime, Finnish inbound international tourists are mostly visiting the capital region, while during the winter time, north Finland (Finnish-Lapland) has become the major destination for Chinese tourists.

Starting from 2013, Chinese travelers started to be interested in the northern lights. By the statistics of Visit Finland, the number of Chinese travelers' overnights between January 2013 and November 2012 had raised 30% compared with the same time in the previous year (Yle.fi, 2014). One of the biggest national TV channels reported in the year 2014 that the Chinese tourists are no longer only focusing in the summertime Helsinki but have started to visit Lapland region for hunting the northern lights. Taking the winter season (November – February next year) as an example, we can easily see in figure 13 how the overnights in Lapland region have grown in the past few years:

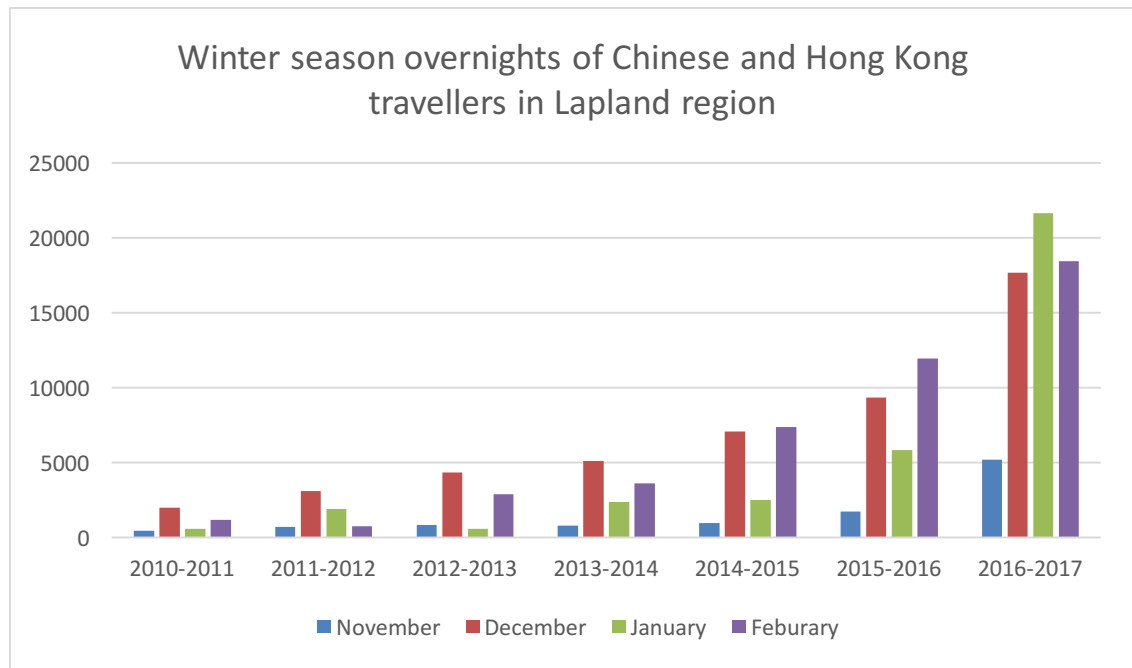


FIGURE 13. Winter overnights of Chinese and Hong Kong travellers in Lapland region (Visit Finland 2017)

The number of Chinese travelers visiting Finnish Lapland region has almost doubled in the winter season 2016-2017. It is hard to investigate how the northern lights trend has started in China; however, the sudden popularity during the year 2016 was partly been led by media effect. During the year 2016, 2 Chinese reality TV shows: *We Are In Love* produced by the MBC Channel and the *Chef Nic III* produced by Zhejiang Television chose Finnish Lapland as a shooting destination. Both reality TV shows invited Chinese celebrities to experience the Lapland Tour and hunting for the northern lights. In fact, the shooting crew's itinerary and the land operations of *Chef Nic III* were arranged by the commissioning company of this bachelor's thesis – Timetravels Incoming Ltd. The CEO Mr. Zhang described after the shows were released, the company received much more inquiries than the previous year for the exact same itineraries as the celebrities experienced on TV. The media effect stimulated the Chinese passion towards northern lights and Finnish Lapland. After all, the "trend" plays a big role when Chinese consumers are making their decisions. The marketing director of the giant Chinese online travel website Alitrip also described in his interview with China daily that their business confidence of bringing Chinese tourists to Finland was partly due to Aurora Borealis "trending" in China. When something is popular in China, it might have much more influence on the consumer behaviour than in some other countries. (Daily Finland.fi 2017.)

During the year 2017, many iconic events happened between China and Finland on the diplomatic level. On April 2017, the President Xi Jinping of People's Republic of China visited Finland bringing with him many cooperation opportunities between the two countries. This visit again brought Finland into Chinese travelers' attention and gained more marketing influence for Finland as a travel destination. Keeping up with this trend, it is easy to believe that Finland will welcome a bigger number of Chinese tourists in various categories in the following years.

4.3 FIT market

4.3.1 Definition

The term FIT is commonly used within tourism industries. Foreign Independent Tours were the original meaning of FIT, but nowadays it also stands for Free Independent Tourists/Free Independent Travel. The FIT concepts all emphasize one priority: Independent. Tourists that fits the definition of FITs are mostly traveling in solo, or in a small group of friend/families. Free Independent Tourists tend to plan their trips based on their own requirements rather than join group tours in which the itinerary has been imposed by a third party. (FIT Travel 2016.) To be more specific, in this bachelor's thesis the FIT tourists indicate both individual tourists who plan their trips on their own and a small group of friends/families whose members have connections before the trip happens. Another important feature of FIT tourists/groups are the requirements of a tailor-made/flexible itinerary that fits their own schedule; while the feature of group tourists is that they only choose ready-made travel products that have a fixed date and usually are not adjustable, and the members of a group trip usually do not have any connections before signing up the trips. The key concepts that FIT travelers share are to avoid a mass group size of travelers and to have more experiences with their own customized pace.

The concept of FIT covers a variety of demographic and psychographic groups. However, FIT travelers usually travel with a higher daily spend than a group tour participant. FIT has the higher return on investment. ROI is a key factor when considering to market to the FIT segment. (Thompson T. 2011.) The profitability is one of the reasons for the writer to target the FIT market.

Even though the FIT travelers tend to plan their own trip, it does not mean FIT travelers have nothing to do with a travel agency. It is a fact that package tours are less attractive for a FIT traveler/group, but they still require support/individual travel products from an experienced travel agency for a deeper experience. When visiting exotic destinations, the usage of travel agencies can be even maximized. The travelers are still independent while receiving specialized services. (FIT Travel 2016.)

4.3.2 FIT market for Chinese tourists

As discussed in previous sections, traditional group-based travel products occupied Chinese outbound tourists for decades. FIT is a relatively new concept for Chinese outbound travellers; however, together with the growing number of experienced travellers, Chinese tourists started to wish being engaged with a deeper and more customized travel experience. Meanwhile, minor destinations such as Nordic countries are also starting to emerge on the Chinese-speaking tourism market (see chapter 4.2). The interview with the commissioner company's CEO proved similar point of view. According to Mr. Zhang, Chinese travelers nowadays start to look for experience travel products. The proof of this consuming behaviour is the outstanding performance of Timetravels itself during these three years. The report from CITM showed that around eight years ago, many tourists were still enjoying for first time travelling abroad, with an efficient and intensive travel itinerary and trying to visit as many countries as possible because it was extremely hard to get a Visa. However, in the recent three years, travel packages that provide a deeper experience of a certain country have started to become popular and a lot more travellers tend to stay in less than three countries when travelling to another continent. (Chinese International Travel Monitor 2016.)

There are many reasons why FIT travel has gradually become a popular way for traveling. Some of the most important reasons are listed and discussed below:

The growing number of experienced travellers. The FIT market attracts mostly experienced travelers with international travel experiences before. These groups of tourists usually have a higher travel standard and prefer to create their trips by their own habits/experiences. (FIT Travel 2016.) As Chinese travel market expands, the number of experienced travelers will grow. An experienced traveler can be defined as a traveler who is visiting the same destination for more than one time/the traveler who has made

more than 3 trips in the past 12 months. Experienced Chinese travelers will tend to seek and arrange their own transportations and accommodations through online travel websites rather than booking the whole packages from a travel agency. For Chinese experienced travelers, FIT travel products suit with their requirements and they can avoid unnecessary expenses. (Lui, Kuo, Fung, Jap & Hsu 2011.)

The emerging of Chinese Online Travel Agencies (OTAs). Even though western countries have a long tradition of booking trips via the internet, the growth of Chinese online travel sites in recent years has gone way beyond the predictions. Chinese consumers are tending to shop online these days, and this habit has moved from tangible goods to intangible products such as travel packages and services. The emerging of online travel agencies made the purchasing of services available online for Chinese people and this trend has been growing in the past 5 years. CIW team indicated in the China online travel market overview report for the 1st quarter of 2017 that there is a 51.5% increase compared with the market situation than last quarter. Chinese online travel deals reached 210 billion yuan in the 1st quarter 2017. (CIW 2017) This growth is still consisting mostly of transportation bookings online (71.9%), and still lead by the countries' strongest online travel agencies such as Ctrip, Qunar, and Alitrip. Among them, Alitrip is one of the biggest tour operators that is already targeting Finland as a popular destination for Chinese tourists. In 2017, Alitrip announced that it aims to bring more than 50,000 Chinese tourists to Finland by providing the various travel products. Alitrip admits that during earlier years, most of the outbound travels for Chinese tourists were group tours; while during recent years, autonomous trips are becoming more and more popular. (Daily Finland.fi 2017.) The rapid growth of online travel agencies in China was led by the Chinese consuming behavior. By the end of 2017, China was becoming the largest e-commerce market in the world by reaching nearly 1 trillion dollars' online retail sales. (Zhang J. 2017.) The development of online travel agencies expanded the FIT market by providing accessible non-group FIT travel products, such as individual flight ticket sales, car rental services, and short day trip products. On the other hand, allowing the customers to comment and review the products also creates WOM marketing for the product itself. Meanwhile, the Chinese social media trend also plays an important role when promoting the FIT market.

The FIT market for Chinese tourists is a growing market with a great amount of profit, and it has not yet been discovered/approached by the majority of Chinese language ser-

vice providers. For many travel agencies, the FIT market is a still smaller business sector. However, the potential of Chinese FIT tourism market will keep growing in the future. It is important to have the correct target groups and start to study their consuming behaviour to engage the FIT market with them.

4.4 European-Chinese tourists

4.4.1 Definition

European-Chinese, in this bachelor's thesis is defined as Chinese passport holders with a long-term Schengen Visa (longer than 3 months) for working/study purpose in European countries, including the permanent residence permit holders. The European Chinese can also be called the overseas Chinese in European countries. Limiting the group to Schengen visa holders is under the consideration that Finland is the target destination, and Schengen visa is the visa that is valid to enter Finland. In this bachelor's thesis, the discussion is mostly targeting on the European-Chinese that tend to/have sufficient means to travel; which mainly refers to Chinese international students and working classes that are currently living in Europe.

Chinese ethnic people have been living in Europe for more than 1.5 century. They were first introduced to the European culture by the Opium War during the 1850s of Qing Dynasty; since then, the number of Chinese ethnic population of immigration and residence has been growing continuously. After the 1990s, the trend of Chinese outwards immigration has accelerated. It was accompanied by an internationalization trend of flows and exchanges of investment, trade, education, and technologies between China and the other parts of the world. (Bing & Kevin 2013.) Figure 14 shows that Asian immigrant populations have grown rapidly during the last decades.

Region	1980		2000		2007	
	Population	Per cent	Population	Per cent	Population	Per cent
Asia	24.764	91.81	32.942	82.85	35.48	78.10
America	1.333	4.94	4.333	10.90	6.30	13.87
Europe	0.622	2.31	1.454	3.66	2.15	4.73
Pacific	0.176	0.65	0.786	1.98	0.95	2.09
Africa	0.077	0.29	0.244	0.61	0.55	1.21
Total	26.972	100	39.76	100	45.43	100

FIGURE 14. Global growth distribution of the Asian population (million) since 1980 (Bing & Kevin 2013)

Region	Number of new migrants (million)	Percentage of new migrants in total
Asia	4.00	11.27
America	3.50	55.56
Europe	1.70	79.07
Pacific	0.60	63.16
Africa	0.50	90.91
World total	10.30	22.67

FIGURE 15. Percentage of new immigrants in the Global overseas population (Bing & Kevin 2013)

It is easy to discover by figures 14 and 15 that the European immigration ranks only second on by growing percentage, only behind Africa. Bing and Kevin summarized several key factors in their research report that have caused the growth of overseas Chinese population in European countries, which are:

- State-owned enterprise (SOE) reform*
- The rapid growth of international trade between China and Europe*
- The strong growth of Chinese people's income and consumption*
- The unequal distribution of wealth and the benefits of economic reform in China*
- The establishment of key economic sectors*
- The development of illegal immigration routes*
- The relaxation of immigration policies in key European countries*
- Extensive family networks, often reaching across several European countries, and*
- The internationalization of higher education.*

The biggest reasons for the growing trend of the amount of Chinese Europeans can be narrowed down to 3 sectors: economic growth, visa/governmental policies, and internationalization of both China and the world as a whole. Along with the growth of economic and consumption power, the fastest growing trend is the outbound tourism (which has been discussed in previous chapters); while the second is the growing numbers of international students. The number of Chinese students studying in EU has shown a strong growth trend in the past 10 years. In the year of 2010, the number of Chinese European students had grown six times more compared to the beginning of 2000. (GHK 2011, 18.) According to the statistical results compiled by the European Commission and the Chinese Ministry of Education, the number of Chinese students in EU is around 120,000.

This number is approximately allocated as follows: 40% in the UK, 23% in France, 20% in Germany, 4% in the Netherlands, 3% each in Italy Ireland and Sweden, and between 1-2% in Finland, Cyprus, and Denmark. (GHK 2011.) The majority of Chinese overseas students is almost 100% consisting of students from Chinese middle-class families. The rising of Chinese economics made the middle-class families wealthy enough to send their child abroad for higher education. Many Chinese students chose to return home after completing their studies in Europe, while plenty also stayed for the employment opportunities in EU. Eventually, the number of Chinese students in Europe and white-collar working class overseas Chinese in EU has grown together.

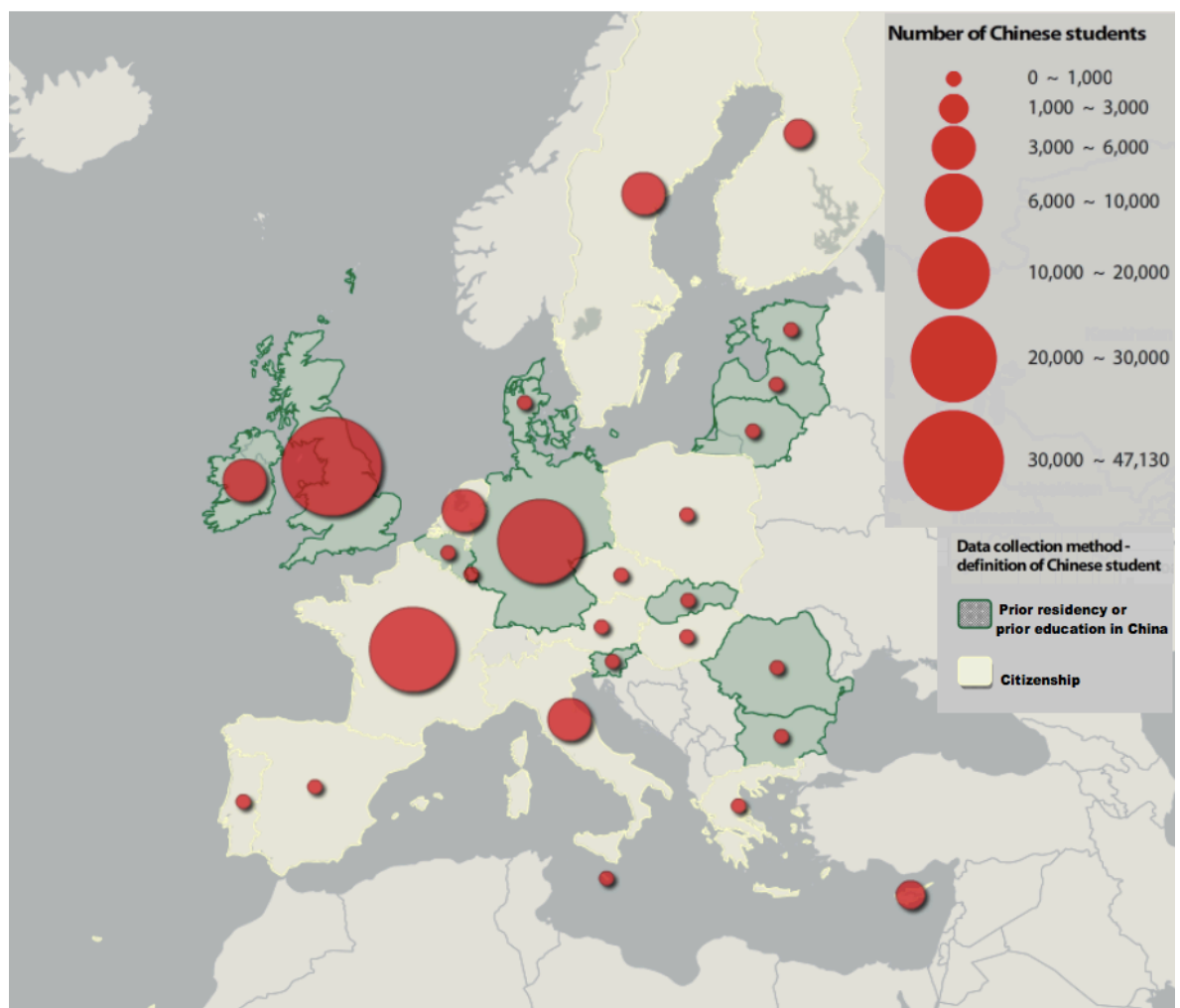


FIGURE 16. Number of Chinese students in the EU 27 (GHK 2011)

The great number of Chinese students in EU has brought business opportunities for the Chinese-speaking tourism industry in Europe. Chinese students tend to travel in EU countries frequently within the period they are staying in Europe. Furthermore, it is common for Chinese students who hold a valid Schengen Visa to invite their family

members to visit Europe. Among the regions that have bigger numbers of Chinese student residents as shown in figure 16, overseas Chinese travel agencies have appeared as a special kind of travel agencies in the past decades.

4.4.2 European-Chinese FIT tourists

Nowadays, as one of the biggest market in the world, the Chinese outbound travel market was fragmented into a wide range of sub segments and niche businesses (Valeria 2016). Chinese overseas travel agencies is a relatively new concept in the travel industry that serves Chinese-speaking tourists, and they are one of the niches that have appeared in recent years. These specific type of travel agencies serve mainly local Chinese immigrants/Chinese speaking tourists who have already arrived in the destination but still want a short/long-term packaged tour. During the interview with Mr. Zhang (see appendix 2), Mr. Zhang specified that Chinese overseas travel agencies are the major retailers for the company's guaranteed departure products, taking DEHUA GmbH, one of Timetravels Incoming's customer as an example. This company was established in 1997 in Hamburg, Germany by a group of Chinese students who graduated from German universities. During its 20 years of business, Dehua has served mostly the Chinese who live in Germany, their families, and friends that are visiting Europe (dehua.de). Most of the travel products on dehua.de are departures from a major European city without any combination of flight or Visa services. DEHUA is one of the retailers that put Timetravels Incoming Ltd's products on its website and sell the products to its clients, which are mostly compiled by German students. On Dehua.de, it is also possible to find flight booking services/visa consultant services but they are not shown as the company's major services. By selling multiple travel products provided by different countries' tour operators like Timetravels Incoming Ltd.; the package tour product in the online shop of dehua.de covers the whole Europe with multiple departure dates.

ADS policies were introduced in section 4.1; this policy does not only restricted the overseas countries that a Chinese citizen can visit, it has also restricted the qualification of travel agencies organizing outbound tours. Travel agencies in China that wish to organize outbound trips to a foreign country require higher amount of deposits to obtain the relative paper to be qualified to apply visa for group guests to ADS destinations:

Where a travel agency engages in domestic travel business and inbound travel business, it shall deposit the quality deposit of RMB 200,000, and a travel agency engaging in outbound travel business shall increase of the quality deposit of RMB 1.2m (Decree of the State Council of the People's Republic of China, Regulation on Travel Agencies, Article 2)

Such restrictions have made it harder for start-up travel agencies in China to operate outbound tours. Meanwhile, in Europe, there has been an increase of overseas travel agencies serving only guests that have arrived the destinations themselves; avoiding the visa-application qualification and government paper handling, making the market way easier to enter compared to the still partly government-controlled outbound tourism market in mainland China.

European-Chinese/overseas Chinese travelers have different consuming behavior patterns compared to the traditional Chinese travelers that are traveling from China. The community culture of overseas Chinese can be traced back to centuries ago. Through the Chinatowns that still exist in many western countries' major cities, it is obvious to discover that overseas Chinese have a very close social circle with each other. Compared with other immigration groups, Chinese immigrants tend to be more optimistic in establishing Chinese societies abroad. (George & Frank 1998, 106-125.) Inside of the UK, one of the country in Europe with most overseas Chinese residents, there are more than 15 official overseas Chinese societies (ccpn-global.com). Information transferred between societies that contain only overseas Chinese is considered to be more useful, trustworthy and reliable for overseas Chinese citizens. The close social circle can lead to the efficiency of WOM (Word of Mouth) marketing. For the communication society/system has already been established and every single person in that circle can be a target customer. The information was transferred to the right target group in the first place. (Panos & George 2014.)

Because of the close family and kinship relationships of traditional Chinese culture, family members tend to share the resources of any kind they have among the members, it can seem impolite and isolated if a family member shows unwillingness while sharing/giving the resources he/she has (Maurice.1970). Training future members of the family is considered as a kind of investment for the Chinese parents because the success of their children always is considered as a promised return for the parent generation. Similar cultural values are also shared among Japanese and Korean cultures. (Han, Kawai & Wong 2017.) Thus, a family tour for overseas Chinese is almost considered a

must if one family member is studying/currently living abroad. Behind every single European Chinese resident, there are a couple of family members that can be considered as the target customers together with the European Chinese him/herself.

Students from wealthy middle-class families are the major representatives of Chinese students overseas. During the year of 2016, statistics show that more than 90% of overseas students in the UK were self-sponsored and had no financial support such as scholarships or student allowances. This number has been remaining the same since the year of 2012 (telegraph.co.uk 2017). Chinese youngsters and their visiting families with good economic conditions and consuming powers have become one of the major consumers in luxury goods market in Europe. Consuming behavior of Chinese youngsters is one of the key factors that influences the European-Chinese tourism market.

5 CUSTOMER ENGAGEMENT RESEARCH

5.1 Research objectives and questions

The market research was conducted for both Timetravels Incoming Ltd and the general Finland tourism market. The research objective was to reveal the market potential of European-Chinese FIT tourists as a target group, with the result to help the Finnish tourism market and Timetravels Incoming Ltd to make better decisions for entering the FIT market, and to identify challenges and opportunities of establishing customer relationships between Finland and European-Chinese tourists.

The key research question of this study was how to establish and enhance the relationship between European-Chinese FIT tourists with Finland. To answer this question, few sub-questions needed to be answered:

- What are the European-Chinese FIT tourists' benefits as target customers compared with the traditional outbound tourists from mainland China?
- What is the major consumer behaviour of European Chinese when travelling to Finland?
- What does the Finnish market need to provide to attract more European-Chinese FIT tourists?

5.2 Research methods

Research methods can be divided into qualitative and quantitative research. Qualitative research is based on numerical data and analysis of them by mathematically-based methods; while quantitative research is connected with peoples' opinions, historical experiences, and feelings. Quantitative research method enables the researcher to estimate future event or quantities, while qualitative research is limited to describing only the situation but does not attempt to change it. (Veal 2011.) For this bachelor's thesis, qualitative research methods were implemented as the research method for both the marketing research and the interview design.

After collecting secondary data and analysing the general marketing situation and the background of the target group, an empirical research was conducted based on both the secondary data and the interview results of Chinese FIT travelers.

5.2.1 Data collection

Preliminary data collection was conducted for this research to answer the research questions. The interview team members carried out the qualitative survey according to requirements from Visit Finland. Face to face video interview was the main methodology used in this research. In total 52 interviews, with 46 effective cases, were conducted mainly in Helsinki during the period of August to October 2016, only targeting the FIT travelers, with the preliminary video interview conducted at the beginning of July. The places of the interviews included Suomenlinna, Market Square, Senate Square, etc. Suomenlinna was the most popular place for Chinese FITs. Any travelers that belong to a travel group/do not reach the destination by themselves were not considered for this interview. The survey was carried out by staff from Timetravels Incoming Ltd.

Secondary data, collected by the writer, were also used in the research on analyzing the marketing environment and the general customer behavior as already described in the previous chapters. As the marketing manager currently hired by Timetravels Incoming Ltd, the writer also implemented the annual data collected during working time to describe the company's current FIT market situation and discuss the potential of the future FIT market for Timetravels Incoming Ltd.

5.2.2 Questionnaire and interview design

The interview questions were mainly based on the ideas produced by Visit Finland and translated and formatted by survey team members. Before all interview questions were decided, the interview team had conducted two meetings with Visit Finland to get a better understanding about purposes from Visit Finland. Interviews were mainly divided into 4 sections: a. general questions for warming up and background information; b. transportation and shopping in Finland; c. Finnish culture; d. FinRelax. Interviewees were given further theme questions based on their answers in the first part (a). The duration of each interview ranged from 5-10 minutes. The questionnaire is shown in appendix 1. This questionnaire was designed for multiple reasons, in this bachelor's thesis,

only the data related to the target group – European-Chinese FIT tourists have been analyzed.

A separate face to face interview was conducted with the commissioner company's CEO Mr. Zhang to have insights into the company's current marketing situation and the general Chinese outbound tourism in Finland. The thesis writer's own experience in travel market was also used partly as the research data for this bachelor's thesis.

5.3 Data analysis

5.3.1 Answers from the interviews

The first few questions collected geographic information about the tourists, where do they originally come from and where are they currently living. During the interview, the writer discovered among the collected effective data of 46 interviewees that there are more than one-third of the interviewees who are European-Chinese. 11 interviewees were Chinese students currently living in Germany while the rest were mostly Chinese students or families that live in major European cities. The current living countries of the interviewees are allocated as follows:

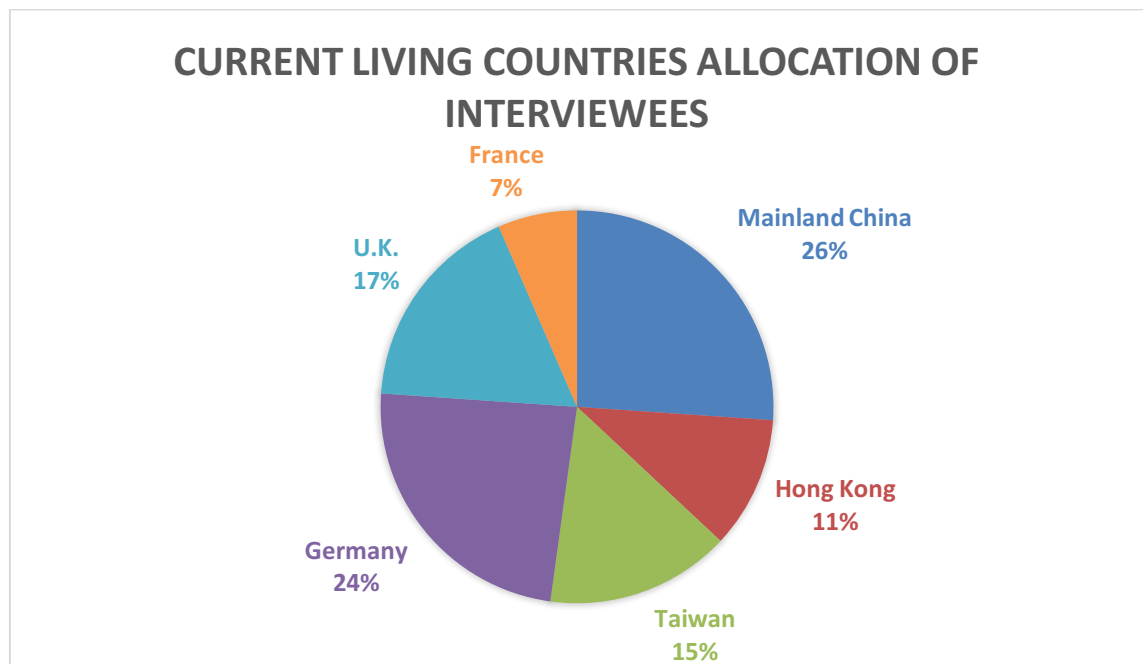


FIGURE 17. Current living country allocation of the interviewed FIT travelers

Most of the interviewees were originally from the well-developed regions of China; Beijing, Shanghai, Guangzhou region and the coastal area. Taiwan and Hong Kong regions were other regions that the researcher discovered most FIT tourist in Finland were coming from due to the less visa and language barriers of those regions.

Questions regarding the ways of arriving Finland and the countries' list visited along during the same trip showed the ways of FIT travelers reaching Finland and if Finland is attracted enough to visit along as a destination. The result is shown in figure 18:

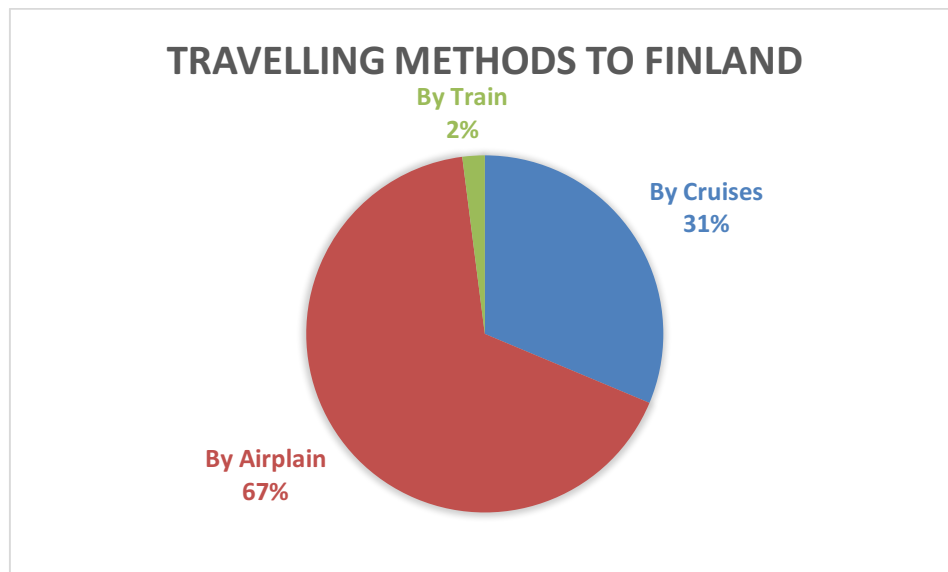


FIGURE 18. Travelling methods to Finland

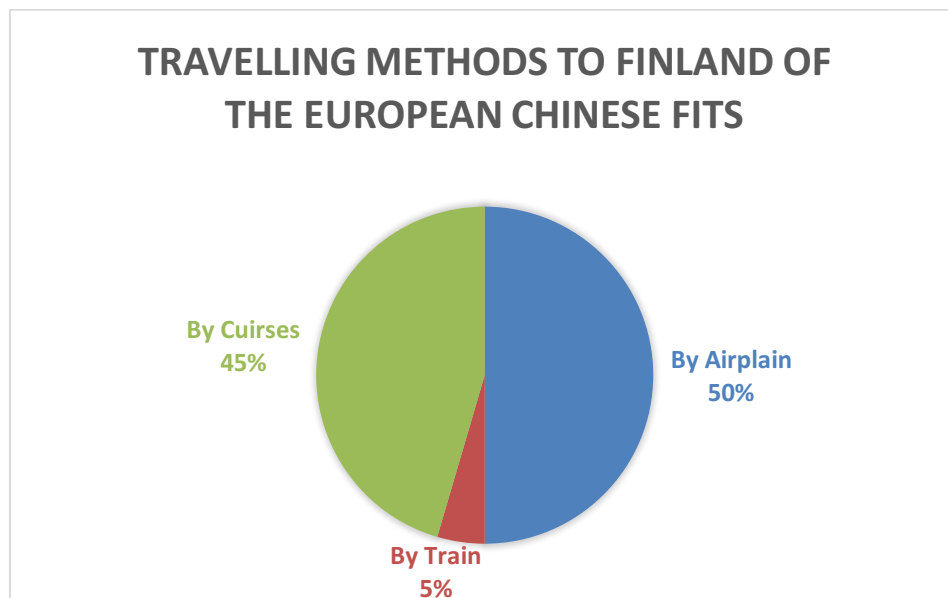


FIGURE 19. Travelling methods of the European Chinese FITs to Finland

Among all interviewees, 67% of the interviewed FIT travellers reached Finland by air-planes; while the other 31% reached by the convenient Baltic Cruises, only one traveller reached Finland by train via St. Petersburg. Among all interviewees, there was only one who visited only Finland for the trip, all the rest of the interviewees combined Finland with other destinations for the whole trip. The allocations of European-Chinese FITs were somehow more averagely separated by cruises and airplanes; almost 50-50. European-Chinese FITs have more vehicles to travel in Europe while they plan/make the bookings within Europe. The interview also investigated the interviewees' staying durations in Finland:

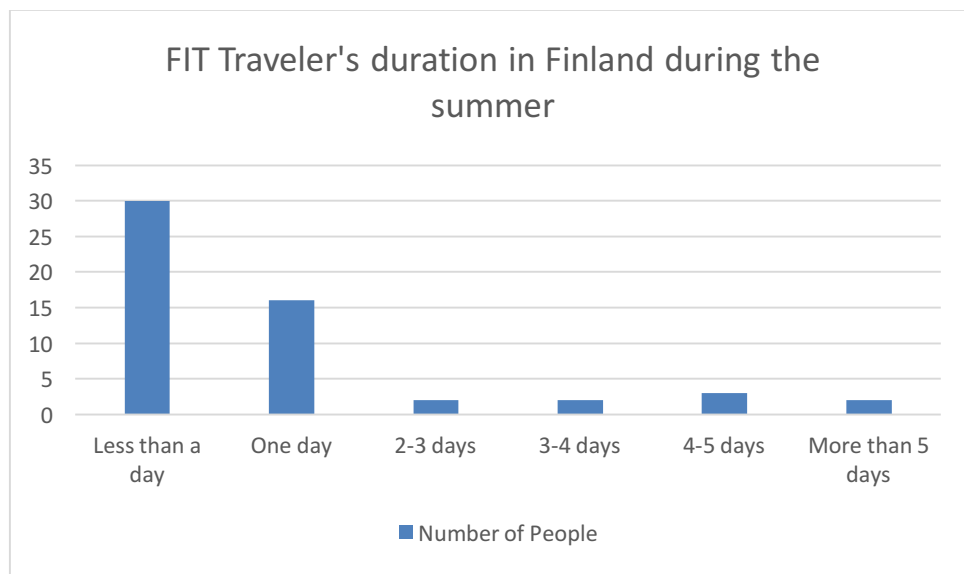


FIGURE 20. FIT travelers' duration in Finland during the summer time

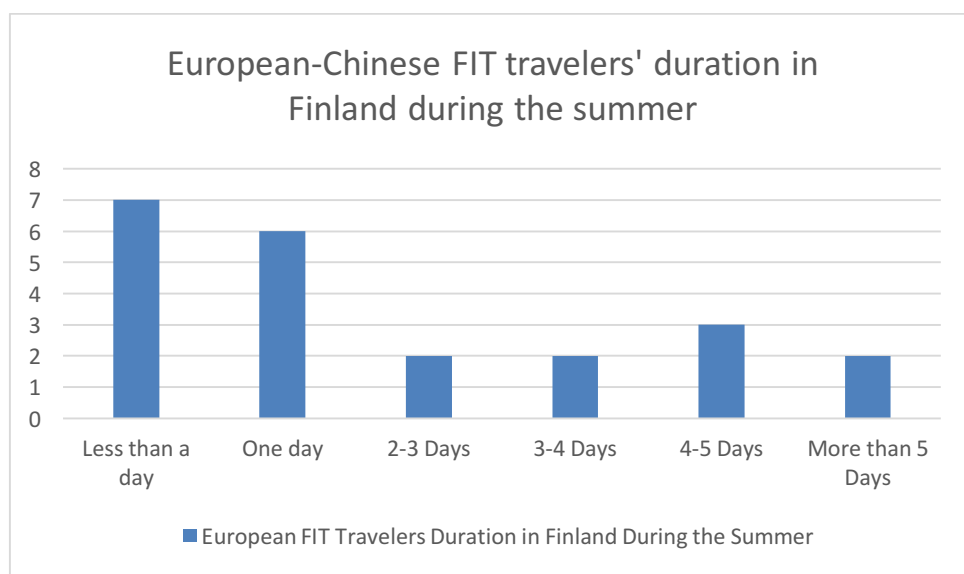


FIGURE 21. European-Chinese FIT travelers' duration in Finland during the summer time

30 interviewees out of 52 had planned to stay in Finland for less than a day. According to the interview results, most of them were attracted by the Finnair's promotion programme and the stop-over-Finland programme. During the summer time, Finland is less attractive tourism destination compared with the domestic European countries that are popular among tourists, such as France/Italy. Several interviewees showed the intention of staying in Denmark/Sweden for longer times compared to Finland. However, when narrowing down the interviewees to only European-Chinese FITs, even though the allocation of the staying was generally the same (the majority still stays less than a day), the percentage of travelers staying for longer times was way higher compared with the whole interviewed group.



FIGURE 22. Reasons to choosing Finland as the destination

The reasons why FIT travelers choose to visit Finland were asked during the interview. According to the data collected, Finnair promotion was the biggest attraction for the interviewed FIT travellers. Then followed the word of mouth, 24% of the interviewees admitted that Finland had been recommended by a friend/relatives/social media influencers. Even the interview was taking place during the summer time, 21% of the interviewees still claimed that they wanted to visit Finland for the famous northern lights; five interviewees mentioned they will consider visiting Finland again during the winter season just for the attractiveness of northern lights phenomenon.

The collected data showed that among FIT travellers that are visiting Finland, European-Chinese FITs have a wider range of alternatives of traveling methods and tend to

spend more overnights in Finland. The reason for this consumer behaviour is speculated to be related to the features of European-Chinese mentioned in section 4 and the less visa restrictions that European-Chinese have compared to the outbound Chinese FIT travelers. The collected data of European-Chinese FITs in Finland was the inspiration for the writer to choose them as the target customers for Finnish tourism market, furthermore, it has answered the research question “Why European-Chinese FITs benefit as target customers more compared to the traditional outbound tourists from mainland China?”

5.3.2 Internal marketing data of Timetravels Incoming Ltd

As mentioned in the previous chapters, Timetravels Incoming Ltd’s biggest business sector is the guaranteed departures. The business form of guaranteed departures is very popular among European-Chinese travel agencies. Based on the company’s statistic, 79 percent of the key account clients of guaranteed departures are European based travel agencies that provide tour packages for overseas Chinese.

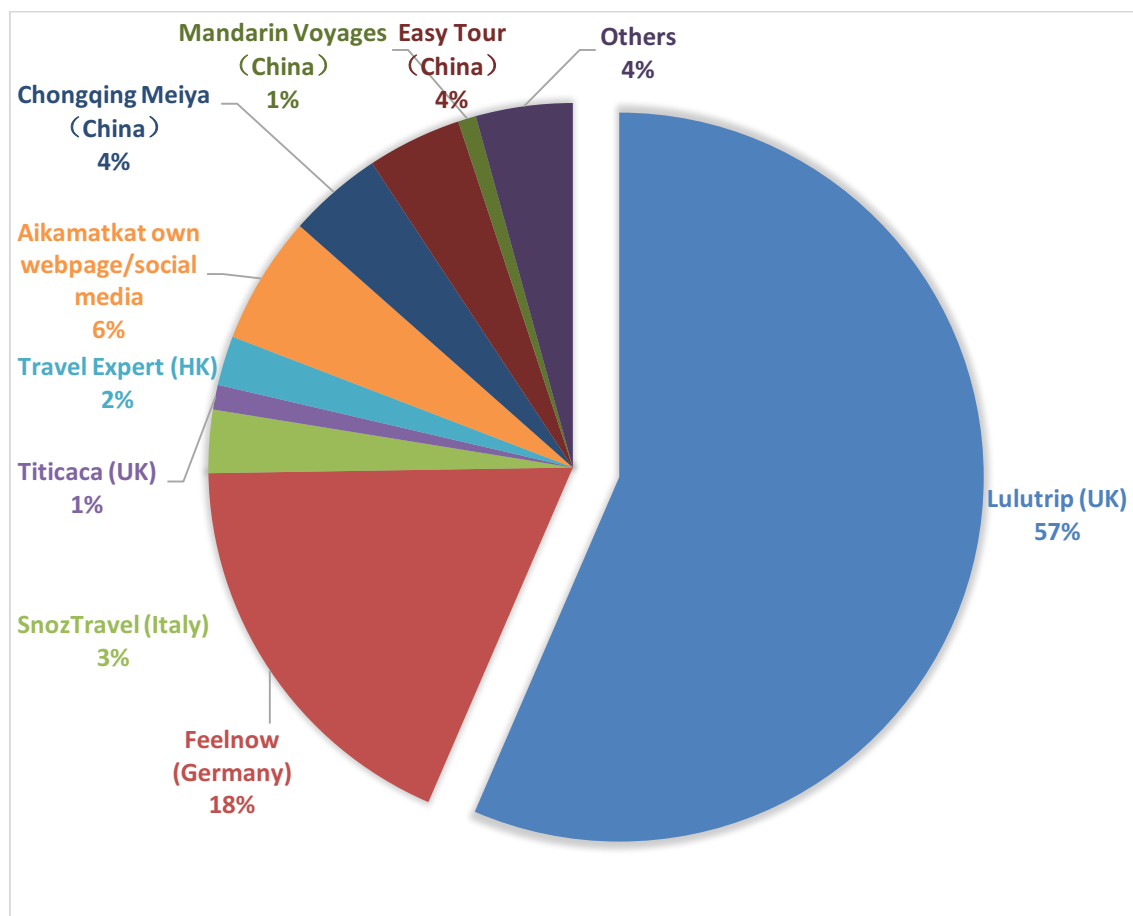


FIGURE 23. Timetravels Incoming Ltd: Sales performance of key accounts B2B customers, year 2017-2018

The company's biggest client for guaranteed departures is Lulutrip, an online travel agency based in London and mainly services the Chinese overseas students in the UK. British market occupies almost 60% of the company's guaranteed departures market. To ensure the products are suitable for the company's biggest client group, Timetravels Incoming Ltd even adjusts the guaranteed departure dates to suit the British students' holiday calendar. On the second place is Feelnow GmbH, a travel agency based in both China and Germany. Most of the clients that purchase guaranteed departures products are again – overseas Chinese students in Germany with their families.

Timetravels Incoming Ltd has already entered the European-Chinese tourism market with competitive products and price. To enhance the customer relationship with European-Chinese tourists, it is important for Timetravels Incoming Ltd to implement the market environment knowledge to create marketing strategies that suit the target group.

5.4 SWOT analysis for Timetravels Incoming Ltd

The SWOT analysis is a model that allows organizations to efficiently identify the internal environment that affects their function and the external environment that the organization needs to pay attention to when making decisions. The internal factors are recognized as Strengths and Weaknesses that the organization currently has; while the external factors are defined as Opportunities and Threats. SWOT itself does not lead to a specific strategy, but it helps the organization to analyze and develop its current situation and create strategies based on the comprehensive and correct information. (Sarsby 2016.)

Based on the marketing methods, marketing environment and data collected, the writer was obliged to suggest a direction of marketing strategy for the commissioner. The analysis was conducted on both the theoretical and empirical research of this bachelor's thesis.

TABLE 1. SWOT analysis of the European-Chinese FIT market for Timetravels Incoming Ltd

<p>Strengths</p> <ul style="list-style-type: none"> -The familiarity of European-Chinese FIT markets -The already owned distributors across Europe -Ready-made products for European-Chinese tourists -Destination offices that can support a more destination-focused service -Outstanding service quality 	<p>Weaknesses</p> <ul style="list-style-type: none"> -Lack of sales channels that can reach the end customers -The high competence environment among travel agencies
<p>Opportunities</p> <ul style="list-style-type: none"> -Better usage of destination offices can help the company to provide a wider product range for FIT market - French market as not yet been entered -Innovation of new travel products and activities -Avoiding the tough competition in major Chinese outbound tourism market 	<p>Threats</p> <ul style="list-style-type: none"> -Travel products are easily copied by a competitor -Almost 95% is B2B business, when losing one key account, the loss can be enormous -Companies that operate in lower HR cost countries start to create similar products with lower price

Timetravels Incoming Ltd is already quite matured in the European-Chinese market. However, it has not yet entered all potential markets in Europe. The areas mentioned in the previous chapters with most European-Chinese residents shall be the next key markets for Timetravels Incoming Ltd to consider for its future business.

One of the biggest challenges that the company is facing is that the travel products do not contain uniqueness – they can be copied easily by other travel agencies as long as they book similar hotels and activities. Thus, the service quality and the WOM marketing tool are what Timetravels Incoming Ltd should focus on. Meanwhile, having the initiative power in travel resource bookings and new destination discovery are also a way to maintain the company's leading position in the market.

High dependence on the B2B business is both the company's strength and weakness. A valued customer brings a great number of travelers and provides good B2C customer services. However, once the client company decides to purchase the travel resource by themselves or cooperate with different travel partners, the company's loss can be fatal. Thus, Timetravels Incoming Ltd shall apply extra attention on the customer relationship maintenance with the B-end customers. It is important to design a more suitable product with good service support to exceed the customers' demands. Reaching the end-customer market is also a move that Timetravels Incoming Ltd can take, but the company needs to carefully avoid the market that its B-end customers currently have to avoid the situation of becoming competitors with its clients.

6 CONCLUSION AND DISCUSSION

European-Chinese tourists FIT market is a market with great potential. To engage European-Chinese FIT travelers with the Finnish tourism market, a reconciliation of what Finland can provide and what the European-Chinese FIT travelers require was needed.

According to the comprehensive data and research for this thesis, European-Chinese travelers naturally have an easier access to Finland compared with the traditional outbound FIT tourists. Furthermore, they are the group of guests among the general Chinese outbound tourism that is fully suitable for the FIT markets. They are flexible with the travel dates, and they do not require joining group tours to obtain a visa. While designing travel products for European-Chinese tourists, travel agencies can be more focused on the product itself rather than considering the visa, language, or political issues. It brings with it a wider product range and more opportunities for high-end/FIT travel products. The big group of overseas students also enhance the language capability of the whole group. The growth of European-Chinese travel agencies can be seen as one proof of the market potential of the European-Chinese travelers. The travel agencies also make the Chinese travel services for European-Chinese more mature in the world and create demands for business. Not to mention that the majority of European-Chinese are from a middle-class family which ensures their consuming power. Thus, European-Chinese tourism market is a highly-profitable and with great potential.

The potential of European-Chinese tourists is also related with their consuming behaviours. The consuming power of European-Chinese is ensured. As mentioned in chapter 4, European-Chinese stay closely with each other and are likely to share information within their societies. Thus, WOM (World of Mouth) can be an effective marketing tool for this market. Besides seeing the marketing opportunities, it is also important for a tourism company to notice that WOM marketing does not only transfer the positive information effectively but also passes the bad reviews with fast speed. The quality of travel experiences that are provided to European-Chinese should be handled with extra attention.

Finland as a destination has been limited with travel resources and suppliers compared with traditional tourism countries such as France or Spain. Thus, the authentic image

and the attractions for tourists needed to be designed and maintained. To promote the tourism image for Finland, it is extremely important to find the unique factors and effective communication media to spread the image to the end customers. Taking the big trend of northern lights in Lapland as an example; Finland abandoned the traditional cultural/historical scenery competition, focusing on creating a unique travel brand among Nordic countries. The reality TV shows that were shot in Finland with Finnish Lapland northern lights reached a way wider audience than travel fairs or conferences. Chinese consumers enjoy following the trend created by media or social media, and by understanding this consumer behaviour, the promotion of Finnish Lapland was a great success in Chinese outbound tourism market.

To engage more Finnish destinations like Finnish Lapland with European-Chinese FIT travelers, it is important to not only have the travel product designed by their requirements but it is also crucial to create the unique, authentic tour product image. This image can be much more effective than other marketing tools.

Even though the FIT market is still a relevant new concept for the Chinese tourism industry, it is already foreseen as the most potential and fast-growing trend during the next 9-10 years. All the biggest OTAs have developed day tours/activity products that are more suitable for FIT travelers. These products are usually first displayed on some of the matured travel markets with a long history with Chinese tourists, such as Thailand, Malaysia or other Southeast Asia countries. These countries were the first opened ADS destinations by the Chinese government, and now with much fewer visa barriers for Chinese tourists.

Due to the supply exceeding the demand situation of the travel market, targeting the European-Chinese FIT travelers is one strategy for travel agencies with direct foreign resources to limit their market and to avoid the highly price-dependent competition environment in the major outbound market. However, the specific target market requires more professional service level and product design.

Travel decisions for travelers are highly depending on the holidays and schedule of the clients. European-Chinese FITs have a longer time to enjoy Finland as a destination – they can skip the long flight journey from China to Finland. Thus, to develop more travel promotions/products that suit for both Chinese and European holidays are the keys to

attract more European-Chinese travelers and their families. As discussed in the previous chapters, the market potential for one European-Chinese resident can include their families that are very likely to visit Europe during their stays. Thus, the high peak for family visiting times can be more matching to the Chinese holiday calendars; while the European-Chinese travelers may require European holidays to have time to travel. National or local tourism office shall work together with the land operator to create better image for Finland and to share the resources they have.

European-Chinese is the group that is currently ready to enter the well-experienced Finnish FIT tourism market. However, the demand for outbound FIT tours in China is increasing rapidly. More and more experienced travelers with less language or financial barriers are appearing in the travel market and looking for suitable travel products. Along with the fast-growing Chinese outbound tourism market and the Finnish tourism market, it is reasonable to believe that in the future FIT market will grow not only among European-Chinese travelers but also expand to general outbound tours. As Finland becomes a more matured destination market for Chinese travelers, along with the support from the Chinese OTAs, FIT tours will become the next trend for the newly started Finland-China outbound tourism market.

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APPENDICES

Appendix 1. Interview questionnaire

Interview questions in English

General :

1. From which destination the visitor came to Finland (by ferry, aeroplane or other transport?) Ask further on topic "Transportation" according to the answer.
2. To which country will she/ he go next (by ferry, aeroplane or other transport)? Combine with question 3.
3. Which countries she/ he has been and will go to in this trip?
4. Has she/he been to European countries before?
5. Will she/he go to other cities other than Helsinki? Combine with question 7.
6. Expectations for Finland vs. reality
7. *How long time has stayed and will stay in Finland?*
8. *Travel company*

Motivation :

1. Why did they choose Finland? (According to this, we could further ask questions about "Finnish culture/Wellness")
2. What was the best experience? The worst? (According to this, we could further ask questions about "Finnish culture/Wellness")
3. Would you recommend Finland to your friends (what activities especially)? Why?

Main Topics :

Around : (according to answers from this part, answer to the "China Friendly" is predictable)

1. Helsinki airport services. Was it easy to come from the airport to the city centre? What caused problems? [instructions, signs etc.]
2. Has she/he used Helsinki card or similar..? How do you feel about transportation in Helsinki area?
3. How easy is it to travel from Finland/ Helsinki to other countries?
4. What is her/his overall evaluation of the transportation in Finland/ Helsinki?
5. How did she/he use the Internet service here? Locally or from home?
6. Was it easy to find and use toilets here?
7. What has she/he already bought and will buy later in Finland/Helsinki? If she/he has bought something here, what kind of payment used?

Finnish Culture:

1. [Leading question] Does she/he know about Finnish culture? For example Finnish Sauna?
2. Has she/he tried local restaurants here?
 - > If Yes, What has she/he ordered? How did she/he feel?
 - > If no, is she/he willing to try?
3. What is the overall impression of local people? (Has she/he communicated or tried to

communicate with locals and how was it?)

4. Cultural differences?

Wellness:

1. [Leading question] Is Finland an ideal place where she/he would come to have a wellness holiday?
2. Show illustrations from **FinRelax** to interviewees and ask which one they prefer and what else they need.

Interview questions in Chinese

您好！我是xxx，是来自芬兰旅游局的代表。请问您现在是否方便，能不能耽误您两分钟，我们正在做一个芬兰旅游局的街头采访。

1-9为热身问题，10-17为周边及交通，18-22为芬兰文化，23-24为养生度假

1. 请问您是哪儿人？这次是自由行呢还是跟团过来的呀？
2. 您是这次是坐什么交通工具来芬兰？
3. 行程下一步是安排去哪个国家？
4. 您之前来过欧洲么？这次还打算去哪些国家？
5. 除了赫尔辛基市，您还去了芬兰别的城市吗？
6. 您已经在芬兰待多久时间了，这次计划待在芬兰多长时间？
7. 您这次是一个人还是跟家人朋友一块来？
8. 您为什么会选择芬兰？
9. 来的芬兰这段时间，您对芬兰最大的感受是什么？
10. 您有使用过赫尔辛基机场的服务么？（是）您觉得那里的标示清晰么？有什么还需要改善的地方吗？
11. 您怎么从机场过来市中心的？（标识）有没有遇到什么困难？（是否用过赫尔辛基交通卡）
12. （基于第5题）您在赫尔辛基 / 国家以外都是坐什么交通工具？觉得方便吗？对公共交通的服务有没有什么意见？
13. 您在赫尔辛基主要使用的交通工具是什么？买的单次票还是通票？
14. 个人自助游芬兰，您觉得整体上讲方便吗？（比如路标，交通费，地图使用等等）
15. 您觉得在赫尔辛基上网方便么？（国内套餐 / 芬兰本地服务）
16. （在这边上厕所方便么？）
17. 您在芬兰购物么？都买了什么？怎么付款？
18. 您对芬兰文化有了解吗？
19. 您有没有尝试过芬兰当地的饭馆？——>都点了什么吃呢？感觉怎么样？ / 想尝试些什么菜？
20. 您有没有去过这边的博物馆？
21. 您有没有接触过当地的芬兰人？对他们的印象怎么样？
22. 您觉得中芬文化最大的差异是什么？

23. 您觉得芬兰是不是一个理想的度假养生地？
24. 展示Finrelax的插画，问题：有没有体验过图片中的这些活动？感觉如何？（如果下次来芬兰，最想体验哪个？）
25. 您这次回去会推荐朋友来芬兰旅游吗？最值得推荐的是什么？

Appendix 2. Interview questions with Mr. Zhang, CEO of Timetravels Incoming Ltd

Q1: Please briefly introduce the company and its history.

Q2: What are the current major markets for Timetravels Incoming Ltd.?

Q3: What are the major businesses for Chinese market at Timetravels Incoming Ltd.?

Q4: Please describe the current B2B customer allocations amount in the world.

Q5: Please describe the general numbers/ratios of European-Chinese travelers that your company has provided services.

Q6: Was the number of European-Chinese travellers growing or decreasing in recent years due to your experience?

Q7: Please describe the current situation of the company's FIT market.

Q8: Please describe the major clients for company's Fit groups. Where do they come from and their general background?

Q9: Please describe the reasons of Timetravels Incoming entering the FIT market.

Q10: What potential/opportunities you see in FIT market based on current business situation?

Q11: Please describe what are the popular scenery spots of Finland that attract Chinese tourists.

Q12: Describe the cultural features that you think attracts Chinese tourists the most.

Q13: What is the most effective marketing tool for the company based on current data?

Q14: What potential you see in the Chinese speaking FIT market?